



Commodity Futures Trading Commission

Office of Public Affairs

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Examples of Misconduct in Private Chat Rooms

Three Traders Discussing Whether to Invite a Fourth Trader into a Private Chat Room (Citibank, JPMorgan, UBS)

| | | |
|----------------|---------|---|
| Bank Z Trader: | 7:49:55 | are we ok with keeping this as is |
| | 7:50:27 | ie the info lvls & risk sharing? |
| Bank X Trader: | 7:50:27 | well... |
| Bank Z Trader: | 7:50:30 | that is the qu[estion] |
| Bank X Trader: | 7:50:32 | you know him best obv... |
| | 7:50:39 | if you think we need to adjust it |
| | 7:50:43 | then he shouldn't be[] in chat |
| Bank Y Trader: | 7:50:54 | yeah that is key |
| | 7:51:00 | simple question [Bank Z trader] |
| | 7:51:08 | I trust you implicitly [Bank Z trader] |
| | 7:51:13 | and your judgement |
| | 7:51:16 | you know him |
| | 7:51:21 | will he tell rest of desk stuff |
| | 7:51:26 | or god forbin his nyk... |
| Bank X Trader: | 7:51:46 | yes |
| | 7:51:51 | that's really imp[ortant] q[uestion] |
| | 7:52:01 | dont want other numpty's in mkt to know |
| | 7:52:17 | but not only that |
| | 7:52:21 | is he gonna protect us |
| | 7:52:33 | like we protect each other against our own branches |
| | 7:52:46 | ie if you guys are rhs ¹ .. and my nyk is lhs..ill say my nyk lhs in few |
| Bank Z Trader: | 7:53:52 | what concerns me is that i know he'll never tell us when at risk... |

Trader Visits Multiple Chat Rooms in Attempt to Manipulate WM/R fix (HSBC)

At 2:50 pm, the Bank U trader discloses in one chat room that he is a net seller (lhs) in cable:²

| | | |
|------------------|-------------|--|
| Bank W Trader 1: | 2:50:21 pm: | early days but im a seller cable at fix [. . .] |
| Bank S Trader: | 3:11:43 pm: | here also |
| Bank R Trader: | 3:24:50 pm: | u got much to do in fix [Bank Trader W] |

¹ If an FX trader has orders to sell of the first currency listed in any currency pair, it is often referred to as being on the left-hand side, or "lhs." If an FX trader references right hand side, or "rhs," it indicates that the FX trader is a buyer of the first currency listed in a currency pair.

² The GBP/USD currency pairing is routinely referred to by traders as "cable."

| | | |
|------------------|-------------|---|
| Bank W Trader 1: | 3:25:07 pm: | im seller 130 cable that it [. . .] |
| Bank W Trader 1: | 3:28:02 pm: | hopefulyl a fe wmore get same way and we can team whack it |
| Bank R Trader: | 3:28:17 pm: | ill do some digging [. . .] |
| Bank W Trader 1: | 3:36:13 pm: | im seller 170 gbp atmofix |
| Bank R Trader: | 3:36:26 pm: | we sellers of 40 |
| Bank U Trader: | 3:38:26 pm: | lhs in cable at the fix |
| Bank U Trader: | 3:38:29 pm: | good amount |

As the 4 p.m. fix period closes, the participants in the chat room made the following statements:

| | | |
|------------------|-------------|-----------------------|
| Bank R Trader: | 4:00:35 pm: | well done gents |
| Bank W Trader 1: | 4:01:56 pm: | hooray nice team work |
| Bank U Trader: | 4:02:22 pm: | nice one mate |

Simultaneously, in a separate, private chat room prior to the close of the fix period, Bank U Trader informs Bank W Trader 2 at 3:25 pm that he should buy cable at the fix. Shortly thereafter, Bank U Trader tells Bank W Trader 2 that he has a net sell order of approximately 400 million cable at the fix, and Bank W Trader 2 says he is a seller of 150 million cable at the fix:

| | | |
|------------------|---------------|--|
| Bank U Trader: | 3:25:19 pm: | get lumpy cable at the fix ok |
| Bank W Trader 2: | 3:25:32 pm: | ta mate |
| Bank W Trader 2: | 3:25:35 pm: | 150 here |
| Bank U Trader: | 3:25:46 pm: | 400 odd here |
| Bank U Trader: | 3:25:50 pm: | lets go |
| Bank W Trader 2: | 3:26:00 pm: | yeah baby |
| Bank U Trader: | 3:26:03 pm: | [Bank W Trader 1] is too [. . .] |
| Bank W Trader 2: | 3:27:00 pm: | sry thats the [Bank W] flow |
| Bank W Trader 2: | 3:27:23 pm: | [Bank W Trader 1] gets |
| Bank U Trader: | 3:28:26 pm: | so its 150 all day wiht you guys? [. . .] |
| Bank W Trader 2: | 3:36:34 p.m.: | 170 here |

As the 4 p.m. fix period closes, Bank U Trader and the other participants in the chat room made the following statements:

| | | |
|------------------|---------------|---------------------------|
| Bank W Trader 2: | 4:01:03 pm: | nice job mate |
| Bank U Trader: | 4:03:34 p.m.: | haha |
| Bank U Trader: | 4:03:40 pm: | i sold a lot up there |
| Bank U Trader: | 4:03:46 pm: | and over sold by 100 |
| Bank U Trader: | 4:03:48 pm: | hahaha [. . .] |
| Bank W Trader 2: | 4:04:06 pm: | sweet nice job [. . .] |
| Bank W Trader 2: | 4:05:04 p.m.: | bravo |

At the same time, Bank U Trader discloses he is selling at the fix in yet another private chat with a trader at Bank V prior to the close of the fix period, at 3:28 pm:

Bank U Trader: 3:28:45 pm: lhs in about 300 quid cable for the fix
 Bank V Trader: 3:28:54 p.m.: sweet
 Bank U Trader: 3:29:42 pm: can you do some digging and seeif anyone is that way
 Bank V Trader: 3:29:52 pm: ofcourse mate
 Bank V Trader: 3:34:49 pm: im getting 83 at mom mate
 Bank U Trader: 3:34:56 pm: nice
 [. . .]
 Bank V Trader: 3:37:38 pm: someone tells a guy here he is getting 170 cble at fix
 Bank V Trader: 3:43:28 pm: see that [Bank U Trader]
 Bank U Trader: 3:43:57 pm: thx

As the 4 p.m. fix period ends, Bank V Trader and Bank U Trader continue:

Bank V Trader: 4:00:51 pm: have that my son
 Bank V Trader: 4:00:52 pm: hahga
 Bank V Trader: 4:00:56 pm: v nice mate
 Bank U Trader: 4:04:53 pm: that worked nice mate
 Bank V Trader: 4:05:44 p.m.: big time mate.

In a fourth chat room, Bank U Trader discloses his position with traders at other banks prior to the close of the fix period. The traders starting at 3:36 pm share information about the size and direction of the net orders at the fix period:

Bank W Trader 2: 3:36:18 pm: see first seller now
 Bank Z Trader: 3:36:48 pm: you gettingt betty³ on the mumble still [Bank W Trader 2] ?
 Bank Z Trader: 3:36:51 pm: we have nowt
 Bank W Trader 2: 3:36:56 pm: yep
 Bank W Trader 2: 3:36:59 pm: 170
 Bank Z Trader: 3:37:05 pm: ta
 Bank Z Trader: 3:37:21 pm: get it up to 60/70 then bash the fck out of it
 Bank U Trader: 3:38:26 pm: lhs in cable at the fix
 Bank U Trader: 3:38:29 pm: good amount
 Bank Z Trader: 3:38:35 pm: ta
 [. . .]
 Bank Z Trader: 4:00:28 pm: nice work gents

While participating in these four separate chat rooms referenced above, at 3:38 pm, Bank U Trader simultaneously commented in three additional chat rooms in which traders from Bank V, Bank W, and Bank N also participated, that he was “lhs in cable at the fix” and “good amount.”

Commencing at 3:43 pm, in another private chat, Bank W Trader 1 told Bank U Trader that another firm which was not a participant in the chat room was “building” in the opposite direction to them and would be buying at the fix. At 3:43 pm, Bank W Trader 1 then reported that he has taken action to net off against this order, which would be in the opposite direction at the fix than Bank W Trader 1’s and Bank U Trader’s positions:

Bank W Trader 1: 3:43:52 pm: right ive taken him out
 Bank W Trader 1: 3:43:58 pm: he paid me for 186

³ Like the term “cable”, “betty” is also a shorthand name for British Pound Sterling used by some FX traders.

| | | |
|------------------|---------------|---|
| Bank U Trader: | 3:44:09 pm: | ok thx |
| Bank W Trader 1: | 3:44:15 pm: | so shud have giot rid of main buyer for u |
| Bank W Trader 1: | 3:44:58 pm: | im stilla seller of 90 |
| Bank W Trader 1: | 3:45:06 pm: | gives us a chance and ive paid a load of bro ha |
| Bank W Trader 1: | 4:05:03 pm: | yeah babyxx |
| Bank W Trader 1: | 4:05:11 pm: | [Bank U Trader] [Bank W Trader 1] combo boom |
| Bank U Trader: | 4:05:22 pm: | loved that mate |
| Bank U Trader: | 4:05:26 pm: | worked lovely |
| Bank U Trader: | 4:05:34 p.m.: | pity we couldn't get it below the 00 |

In another chat room, the Bank U Trader and a different trader at Bank W discuss unloading positions just prior to the fix period commencing at 3:54 p.m.:

| | | |
|------------------|-------------|---|
| Bank W Trader 3: | 3:54:32 pm: | can u let me know when are down to your last tenner |
| Bank U Trader: | 3:55:02 pm: | ok |
| Bank U Trader: | 3:55:10 pm: | i'm down to my last tenner |
| Bank W Trader 3: | 3:55:17 pm: | ok ta |
| Bank W Trader 3: | 3:55:41 pm: | just sold some more |
| Bank U Trader: | 3:55:49 pm: | hahaha |
| Bank W Trader 3: | 3:55:51 pm: | hehehe |
| Bank W Trader 3: | 4:00:57 pm: | nice on[e] son |
| Bank U Trader : | 4:03:15 pm: | learnt from a good fella |
| Bank W Trader 3: | 4:15:43 pm: | there u go |
| Bank W Trader 3: | 4:16:48 pm: | go early, move it, hold it, push it |

Traders from Two Banks "Double Team" to Attempt to Manipulate Fix (JPMorgan)

At 3:43:50, a trader from Bank W asked a trader from Bank Y whether he needed to buy Euros in the market in the forthcoming fix. The Bank Y trader responded that he had a net buy order for the fix, which he subsequently confirmed as totaling EUR105 million. At 3:44:04, the Bank Y trader offered to transfer that net buy order to the Bank W trader. The Bank W trader replied "maybe" and then stated that he had a net buy order for EUR 150 million.

The traders had the following exchange:

| | | |
|----------------|---------|---------------------------|
| Bank W Trader: | 3:46:53 | i'd prefer we join forces |
| Bank Y Trader: | 3:46:56 | perfick |
| | 3:46:59 | lets do this... |
| Bank Y Trader: | 3:47:11 | lets double team them |
| Bank W Trader: | 3:47:12 | YESsssssssssss |

Immediately after the fixing window, the traders congratulated themselves:

| | | |
|----------------|---------|-------------------------------|
| Bank W Trader: | 4:03:25 | sml rumour we haven't lost it |
| Bank Y Trader: | 4:03:45 | we |
| | 4:03:46 | do |
| | 4:03:48 | dollarr |

Traders Share Position Information Prior to Fix and Discuss Trading (RBS)

Bank V Trader: 15:45:35 im getting abt 80 quid now...fixing
Bank U Trader: 15:45:54 my ny 100 quid...
Bank V Trader: 15:51:19 getting more than u now [Bank U Trader] betty
Bank U Trader: 15:51:26 ok thx
Bank W Trader: 15:52:23 nice job gents
Bank U Trader: 15:54:16 [Bank V Trader], just matched with [Bank 1] and [Bank 2] for 100,
still lhs in about 140

Bank V Trader: 15:54:26 cool
Bank Z Trader: 16:00:58 i don my hat
Bank W Trader: 16:01:08 what a job
Bank Z Trader: 16:01:23 welld one lads
Bank W Trader: 16:01:28 bravo
Bank V Trader: 16:07:03 1.6218..nice
Bank U Trader: 16:07:33 worked ok that one....

Traders Share "Ammo" (RBS)

Bank T Trader: 15:43:32 buying aud and nzd at the fix
Bank V Trader: 15:43:43 Tkx
Bank T Trader: 15:43:52 ntg big
Bank V Trader: 15:43:59 Im buying 50 aud can do yours if you want
Bank T Trader: 15:45:13 ok . . .60 plse . . .*****
Bank V Trader: 15:45:56 Great
Bank P Trader: 15:50:00 I need to buy 25 aud at the fix too.. any int? more
ammo for you...?

Bank V Trader: 15:50:21 Sure [Bank P Trader]
Bank P Trader: 15:51:24 cool all yours [Bank V Trader]
Bank V Trader: 15:51:46 Buying 220 now
Bank P Trader: 15:51:57 good luck
Bank T Trader: 15:52:20 load up your 50 offr . . .
Bank P Trader: 15:53:14 ill do those ones if you want
Bank V Trader: 15:53:19 haah
Bank T Trader: 15:53:20 ur fkg [Bank V Trader], ramp it
Bank T Trader: 16:00:41 nice one *****
Bank P Trader: 16:00:56 look at you!...-well done mate . . .

Traders Coordinate in an Attempt to Manipulate the EUR/USD Fix (Citibank, JPMorgan)

Bank Y Trader: 3:51:21 ok, i got a lot of euros
Bank X Trader: 3:51:25 ?
3:51:28 you selling?
Bank Y Trader: 3:51:30 yes
Bank X Trader: 3:51:33 now
3:51:35 or pickun?⁴
Bank Y Trader: 3:51:39 pick un
3:51:46 u want it? ...
[...]

⁴ "Pickun" is a slang term for a fix order.

| | | |
|----------------|---------|--|
| Bank X Trader: | 3:52:24 | ill take it [Bank Y trader] |
| | 3:52:26 | if u dont want it |
| Bank Y Trader: | 3:52:39 | tell you what |
| | 3:52:42 | lets double team it |
| | 3:52:45 | how much u got |
| Bank X Trader: | 3:52:46 | ok |
| | 3:52:47 | 300 |
| | 3:52:52 | u? |
| Bank Y Trader: | 3:53:01 | ok ill give u 500 more |
| Bank X Trader: | 3:53:05 | wow |
| | 3:53:06 | ok |
| | 3:53:08 | ha |
| | 3:53:09 | cool... |
| | [...] | |
| Bank Y Trader: | 3:53:20 | so we have 800 each |
| | 3:53:21 | ok |
| | 3:53:31 | but we gotta both do some at fix |
| | 3:53:36 | don't sell em all and take foot off haha |
| Bank X Trader: | 3:53:40 | i promise i will |
| Bank Y Trader: | 3:53:47 | me too |

At 4:00:14 the Bank X trader reported that he was “hosed.” The Bank Y trader replied with “ditto.”

Traders Match off in a Fix and Coordinate in Attempt to Manipulate Another Fix (Citibank)

| | | |
|----------------|---------|-------------------------------------|
| Bank X Trader: | 3:53:35 | can anyone help in chf fix |
| | 3:53:38 | i lose 130 total |
| Bank Y Trader: | 3:53:46 | arb it for more ammo |
| Bank X Trader: | 3:53:55 | [Bank Z trader] ur guy want it? |
| Bank Z Trader: | 3:54:09 | nope he's flatish i think |
| Bank W Trader: | 3:54:16 | buy the eurchf and les hammer eur |
| | 3:54:18 | come on |
| Bank Y Trader: | 3:54:29 | [Bank X trader] ill do it of u want |
| | 3:54:33 | ive nothing else to do... |
| | [...] | |
| Bank X Trader: | 3:54:53 | ok 130 usdchf mine |
| Bank Y Trader: | 3:54:57 | ok 130 u buy |

Having offset their CHF positions, the traders turned their attention to the EUR in the remaining minutes before the fix:

| | | |
|----------------|---------|-----------------------------------|
| Bank Y Trader: | 3:55:01 | u want small eurUSD? |
| Bank W Trader: | 3:55:19 | so [Bank Z trader] u get eur now? |
| Bank Z Trader: | 3:56:00 | checkin |
| Bank Y Trader: | 3:56:04 | right who wants 40 eur |
| Bank Z Trader: | 3:56:06 | sub 30 |
| Bank Y Trader: | 3:57:53 | gd lk fellas |

At 4:00:44 the Bank Y trader stated “no surre any winner there.” Three minutes later, the Bank X trader replied with “wmr is impossible.”

Traders Share Their "Scores" (UBS)

In another chat, traders for Bank W and three other Banks exchanged positions leading into the WM/R 4 p.m. fix. The Bank Y trader said "it cant be a good day to be [right hand side]." Once the four traders determined they were all the same direction, the Bank W trader asked if "we gonna be able to get it to 05" to which the Bank Y trader responded "is that the troyal fkn we." After the fixing window closed the Bank X trader said "nice call" and the chat room members gave their "scores" or profits from the fix. The chat room members each claimed they made between \$60,000 and \$220,000.

Traders Coordinate in an Attempt to Manipulate a Fix and Congratulate Each Other (UBS)

Traders from Banks V and Z coordinated their trading to attempt to manipulate the WM/R 4 p.m. fix by exchanging their client fixing orders and information relating to the type of clients buying. As the 4 p.m. fix approached, the following exchange occurred:

| | | |
|----------------|----------|--|
| Bank V Trader: | 15:57:45 | come on [Bank Z Trader] we can do this |
| | 15:57:50 | fix it at 07 |
| Bank Z Trader: | 15:57:54 | ha |
| | 15:58:55 | keep seeing citi on the bid |
| | 16:00:50 | nice work |