ATTACHMENT A

STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement, dated April 23, 2015, between the Fraud Section, Criminal Division, and the Antitrust Division, of the United States Department of Justice, and Deutsche Bank AG ("DB"). DB hereby agrees and stipulates that the following information is true and accurate. DB admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the Department pursue the prosecution that is deferred by this agreement, DB agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. If this matter were to proceed to trial, the Department would prove beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the criminal Information attached to this Agreement. This evidence would establish the following:

I.

BACKGROUND

A. LIBOR and EURIBOR

1. Since its inception in approximately 1986, the London Interbank Offered Rate ("LIBOR") has been a

benchmark interest rate used in financial markets around the world. Futures, options, swaps, and other derivative financial instruments traded in the over-the-counter market and on exchanges worldwide are settled based on LIBOR. The Bank of International Settlements has estimated that in the second half of 2009, for example, the notional amount of over-the-counter interest rate derivative contracts was valued at approximately $450 trillion. In addition, mortgages, credit cards, student loans, and other consumer lending products often use LIBOR as a reference rate.

2. During the relevant period, LIBOR was published under the auspices of the British Bankers' Association ("BBA"), a trade association with over 200 member banks that addresses issues involving the United Kingdom banking and financial services industries. The BBA defined LIBOR as:

> The rate at which an individual Contributor Panel bank could borrow funds, were it to do so by asking for and then accepting inter-bank offers in reasonable market size, just prior to 11:00 [a.m.] London time.

This definition had been in place since approximately 1998.

3. LIBOR rates were initially calculated for three currencies: the United States Dollar, the British Pound Sterling, and the Japanese Yen. Over time, the use of

LIBOR expanded, and benchmark rates were calculated for ten currencies, including the original three.

4. During the relevant period, the LIBOR for a given currency was the result of a calculation based upon submissions from a panel of banks for that currency (the "Contributor Panel") selected by the BBA. Each member of the Contributor Panel submitted its rates every London business day through electronic means to Thomson Reuters, as an agent for the BBA, by 11:10 a.m. London time. Once each Contributor Panel bank had submitted its rate, the contributed rates were ranked. The highest and lowest quartiles were excluded from the calculation, and the middle two quartiles (i.e., 50% of the submissions) were averaged to formulate the resulting LIBOR "fix" or "setting" for that particular currency and maturity.

5. The LIBOR contribution of each Contributor Panel bank was submitted to between two and five decimal places, and the LIBOR fix was rounded, if necessary, to five decimal places. In the context of measuring interest rates, one "basis point" (or "bp") is one-hundredth of one percent (0.01%).

6. Thomson Reuters calculated and published the rates each business day by approximately 11:30 a.m. London time. Fifteen maturities (or "tenors") were quoted for

each currency, ranging from overnight to twelve months. The published rates were made available worldwide by Thomson Reuters and other data vendors through electronic means and through a variety of information sources. In addition to the LIBOR fix resulting from the calculation, Thomson Reuters published each Contributor Panel bank's submitted rates along with the names of the banks.

7. According to the BBA, each Contributor Panel bank had to submit its rate without reference to rates contributed by other Contributor Panel banks. The basis for a Contributor Panel bank's submission, according to a clarification the BBA issued in June 2008, was to be the rate at which members of the bank's staff primarily responsible for management of the bank's cash, rather than the bank's derivatives trading book, believed that the bank could borrow unsecured inter-bank funds in the London money market. Further, according to the BBA, a Contributor Panel bank should not have contributed a rate based on the pricing of any derivative financial instrument. In other words, a Contributor Panel bank's LIBOR submissions should not have been influenced by its motive to maximize profit or minimize losses in derivatives transactions tied to LIBOR.

8. The Contributor Panel for United States Dollar ("USD") LIBOR from at least 2003 through 2010 was comprised of 16 banks, including DB. The Contributor Panel for Yen LIBOR from at least 2006 through 2010 was comprised of 16 banks, including DB. The Contributor Panel for Swiss Franc ("CHF") LIBOR from at least 2007 through 2011 was comprised of 12 banks, including DB. The Contributor Panel for Pound Sterling ("GBP") LIBOR from at least 2005 through 2010 was comprised of 16 banks, including DB.

9. From at least 2005 to at least 2011, DB was a member of the Contributor Panel for the Euro Interbank Offered Rate ("EURIBOR"). During that time, EURIBOR was a reference rate overseen by the European Banking Federation ("EBF"), which is based in Brussels, Belgium. From 2005 to 2011, the EURIBOR Contributor Panel was comprised of approximately 42 to 48 banks. EURIBOR was the rate at which Euro interbank term deposits within the Euro zone were expected to be offered by one prime bank to another, at 11:00 a.m. Brussels time.

10. Thomson Reuters, as an agent of the EBF, calculated and published the EURIBOR rates each day. Each Contributor Panel bank submitted its contributed rate to Thomson Reuters through electronic means, and then the contributed rates were ranked. The highest and lowest 15%

of all the quotes were excluded from the calculation, and the remaining rates (i.e., the middle 70%) were averaged to formulate the resulting EURIBOR fix for each tenor. The published rates, and each Contributor Panel bank's submitted rates, were made available worldwide through electronic means and through a variety of information sources.

11. Because of the widespread use of LIBOR, EURIBOR, and other benchmark interest rates in financial markets, these rates play a fundamentally important role in financial systems around the world.

B. *Interest Rate Swaps*

12. An interest rate swap ("swap") is a financial derivative instrument in which two parties, called counterparties, agree to exchange interest rate cash flows. If, for example, a party has a transaction in which it pays a fixed rate of interest but wishes to pay a floating rate of interest tied to a reference rate, it can enter into an interest rate swap to exchange its fixed rate obligation for a floating rate one. In the example above, Party A would pay a fixed rate to Party B, while Party B pays a floating interest rate to Party A indexed to a reference rate like LIBOR or EURIBOR. In other words, Party B's interest payments to Party A are variable and change based

on the movements in LIBOR or EURIBOR. There is no exchange of principal amounts, which are commonly referred to as the "notional" amounts of the swap transactions. Interest rate swaps are traded over-the-counter in that they are negotiated in transactions between counterparties and are not traded on exchanges.

C. Forward Rate Agreements

13. Similar to an interest rate swap, a forward rate agreement ("FRA") is an agreement between counterparties to exchange interest rate payments on a notional amount beginning at a future date and ending on some other future date. The interest rates are determined at the time of contracting. FRAs are commonly used to hedge future interest rate fluctuations. If, for example, a party wants to hedge against the risk of rising interest rates, that party can enter into a FRA at a fixed rate, guaranteeing the fixed rate at the future end date. Meanwhile, if a party desires to hedge against the risk of a decline in an interest rate, they may enter into a FRA at a floating rate, indexed to a reference rate like LIBOR or EURIBOR. FRAs are also utilized by speculators who in essence bet on future changes in interest rates. Like swaps, there is no exchange of notional amounts; instead, the only amount

exchanged is the difference between the contracted interest rates.

D. *DB*

14. DB is a financial services corporation with headquarters located in Frankfurt, Germany. DB has banking divisions and subsidiaries around the world, including in the United States, with its United States headquarters located in New York, New York. From 2006 to 2011, one of DB's business units was Global Finance and Foreign Exchange ("GFFX"), which in turn consisted of Global Finance and FX Forwards ("GFF") and Foreign Exchange ("FX"). The GFFX unit had employees in multiple legal entities associated with DB, and multiple locations around the world including London, Frankfurt, and New York. DB, through its GFFX unit, employed traders in both its Pool Trading groups and its Money Market Derivatives ("MMD") groups.[1]

15. DB's pool traders engaged in, among other things, cash trading and overseeing DB's internal funding and liquidity. In addition, DB's pool traders traded a variety of financial instruments, some of which, such as interest

[1] While GFFX was the primary business unit involved in the conduct addressed in this Statement of Facts, traders from another business unit participated as well. For instance, Trader-19, worked in DB's Rates group beginning in 2008 as a DB EURIBOR trader in London who traded a significant amount of interest rate derivative products linked to EURIBOR during the relevant time period. Trader-19 made requests of the EURIBOR submitters similar to those made by other derivatives traders of their relevant submitters.

rate swaps and forward rate agreements, were tied to LIBOR and EURIBOR. DB’s pool traders were primarily responsible for formulating and submitting, on a daily basis, DB’s LIBOR and EURIBOR contributions. DB’s MMD traders were responsible for, among other things, trading a variety of financial instruments, some of which, such as interest rate swaps and forward rate agreements, were tied to LIBOR and EURIBOR. Both the pool traders and the MMD traders worked in close proximity and reported to the same chain of management. From approximately 2007 until 2011, DB’s GFF unit was managed by its global head, Senior Manager-1.

II.

DB’S MANIPULATION OF LIBOR AND EURIBOR SUBMISSIONS

16. From at least 2003 through at least 2010, DB derivatives traders requested and obtained benchmark interest rate submissions that benefited their trading positions. These derivatives traders requested that the DB LIBOR and EURIBOR submitters make benchmark interest rate submissions that would benefit the traders’ trading positions, rather than rates that complied with the definitions of LIBOR and EURIBOR. These derivatives traders either requested a particular LIBOR or EURIBOR contribution for a particular tenor and currency, or requested that the rate submitter contribute a higher,

lower, or unchanged rate for a particular tenor and currency. Derivatives traders made these requests through in-person conversations and electronic messages. Among the multiple benchmarks at times affected by DB's scheme were USD, Yen, CHF, and GBP LIBOR, as well as EURIBOR. In addition to manipulating its own submission, certain traders at DB also agreed with traders at other banks to manipulate Yen LIBOR and EURIBOR in a coordinated way.

A. <u>USD LIBOR</u>

17. The global market for financial products linked to USD LIBOR is the largest and most active derivatives market in the world. Many of these products are traded in the United States and involve U.S.-based counterparties. Additionally, USD LIBOR is the variable rate for many forms of consumer debt such as mortgages, credit cards, and student loans.

18. From at least 2003 through at least 2010, in London, New York, Frankfurt, and elsewhere, numerous DB employees regularly sought to manipulate USD LIBOR to benefit their trading positions and thereby benefit themselves and DB.

19. During most of this period, traders at DB who traded products linked to USD LIBOR were primarily located in London and New York. DB's USD traders in London

reported to Manager-1, a USD pool trader who supervised the USD pool trading desk and in 2009 had supervisory responsibilities over all of DB's GFF unit in London. Manager-1, along with a more junior USD pool trader, Submitter-1, was responsible for submitting USD LIBOR rates on behalf of DB. Manager-1 and Submitter-1 also traded derivative products tied to USD LIBOR. In fact, Manager-1 was one of the bank's largest volume USD derivatives traders. At times, between 2005 and 2007, DB's London office also employed two additional pool traders, Submitter-2 and Submitter-3, who traded, among other things, financial products tied to USD LIBOR. At times, these pool traders also submitted DB's USD LIBOR contribution as back-up submitters. Throughout the relevant period, DB's London office also had two derivatives traders on its MMD desk who primarily traded USD LIBOR-based derivative products: Trader-1 and Trader-2. Trader-1 and Trader-2 sat next to Manager-1 and Submitter-1, DB's USD LIBOR submitters, and both reported directly to Manager-1. Manager-1 reported directly to Senior Manager-1. Trader-3, the most profitable derivatives trader at DB during the relevant period, who in 2009 became the head of DB London MMD desk, also traded a substantial volume of financial products tied to USD LIBOR despite primarily being a Euro trader. Trader-3 reported directly to Senior Manager-1.

20. During the same time, DB had a MMD desk in New York that traded derivatives products tied to USD LIBOR. This group consisted of, among others, Manager-2, the head of DB's New York MMD desk between 2005 and 2007, and Trader-4, a derivatives trader who reported to Manager-2 during Manager-2's tenure at DB. Between 2005 and 2006, DB's New York MMD desk employed Trader-5, and at least one junior trader, Trader-6. Manager-2 reported directly to Manager-3, the head of DB's GFF unit in the Americas. After Manager-2 left DB in early 2008, Trader-4 reported to Manager-3 and Trader-3. In addition to a MMD desk, DB also operated a pool trading desk in New York. This group consisted of, among others, Trader-8 who occasionally traded USD LIBOR-based derivative products. Throughout the relevant period, at least one pool trader in DB's Frankfurt office, Trader-9, also traded financial products tied to USD LIBOR.

21. Consistent with DB's plan to facilitate information sharing between pool traders and derivatives traders, throughout the relevant period, DB USD LIBOR submitters in London sat within feet of the USD LIBOR traders. This physical proximity enabled the traders and

submitters to conspire to make and solicit requests for particular LIBOR submissions. Moreover, Manager-1 both supervised the USD submission process and was one of the bank's largest volume USD derivatives traders, and the USD submitters had access to his book and were aware of Manager-1's positions. In addition, from as early as 2005 through at least 2011, Senior Manager-1, the global head of DB's GFF unit from 2007 until 2012, led weekly, global conference calls in which all DB MMD and pool traders from around the world were expected to participate and discuss the market, risk, and their respective trading positions.

22. From 2003 until 2008, USD LIBOR-based derivatives traders made on average weekly verbal requests and occasional written requests for DB's USD LIBOR submissions that were typically accommodated. The purpose of the requests was to manipulate the ultimate rate to the benefit of DB traders' positions, conduct which was inconsistent with the definition of LIBOR. Moreover, DB's USD LIBOR submitter would not simply alter one or two of the tenors for DB's daily USD LIBOR submissions. Instead, when the request was for a particular tenor, such as 3 month USD LIBOR, Submitter-1 often altered the other tenors so that the manipulation was not conspicuous. In other words, a request for a change in one DB USD LIBOR tenor, when

accommodated, often resulted in a change to the bank's submission for most tenors on that day.

23. Also in an effort to conceal the manipulation and make it less conspicuous, Submitter-1 kept his submissions within or near a range he felt could be reasonably justified by market conditions. In other words, Submitter-1 would choose the lower or higher end of the range that would not look conspicuous, based on trader requests, but he typically did not exceed a reasonable range because he did not want the manipulation to be noticeable.

24. In 2008, the nature of USD LIBOR manipulation changed because of the financial crisis. During the financial crisis, derivatives traders at DB employed a trading strategy that bet on the widening of the spread between 1 month, 3 month, and 6 month USD LIBOR, among other currencies, that would result from the dislocation of financial markets. Traders at DB used this strategy from 2008-2009 and the bank profited substantially from its success. On almost every day during this time, Submitter-1 altered DB's USD LIBOR submissions to align with the needs of this trading strategy, *i.e.* persistently low 1 month and high 3 and 6 month USD LIBOR submissions. If DB's USD LIBOR submissions did not align with the trading strategy, then the DB USD derivatives traders – seated nearby

Submitter-1 and, at times, Senior Manager-1 – complained to Submitter-1.

25. In addition to the frequent verbal requests, a number of written communications highlight how DB attempted to, and at times did, manipulate USD LIBOR. At times, these written requests came from traders who were located in New York or Frankfurt or when certain London-based traders were out of the office on a particular day. The following communications are examples of these types of written requests.

26. On March 22, 2005, Submitter-1 informed Trader-8, a trader in New York, in an electronic chat, that he would be able to alter his LIBOR submissions to favor Trader-8's trading positions:

> Submitter-1: if you need something in particular in the libors i.e. you have an interest in a high or a low fix let me know and there's a high chance i'll be able to go in a different level. Just give me a shout the day before or send an email from your blackberry first thing.
>
> Trader-8: Thanks – our CP guys have been looking for it a bit higher – not a big deal.

27. On September 21, 2005, Trader-3 replied to one of Submitter-1's daily emails which predicted where USD Libor would fix. In his reply, Trader-3 stated "LOWER MATE LOWER !!" Submitter-1 replied "will see what i can do but it'll be tough as the cash is pretty well bid," indicating that the rate may increase amidst an active cash market. Shortly thereafter, Trader-3 responded: "[Bank A] IS DOIN IT ON PURPOSE BECAUSE THEY HAVE THE EXACT OPPOSITE POSITION – ON WHICH THEY LOST 25MIO SO FAR – LET'S TAKE THEM ON." Submitter-1 replied, "ok, let's see if we can hurt them a little bit more then."

28. In another example, on September 26, 2005, Manager-1 solicited requests from Trader-1, a London-based MMD trader, in an electronic chat:

Manager-1:	libors any requests?
Trader-1:	HIGH FREES, LOW 1MUNF
Manager-1:	what levels?

29. As another example, on February 24, 2006, Manager-1 and an MMD trader, Trader-3, asked Submitter-1 to push DB's 1-month USD LIBOR submission as low as possible. After a broker had informed Manager-1 that USD LIBOR would probably be around 60.5, Manager-1 forwarded the email message to Trader-3, Submitter-1, and Trader-1, asking Submitter-1 to "Push for 60 [Submitter-1]." Trader-3 then

pushed further, “or even 58 if u can Coffee on me.” Submitter-1, in reply to both Manager-1 and Trader-3, stated, “ok right now we’re looking like 60.5 given what people are saying. Will work on it all morning.”

30. Similarly, Trader-9, who was located in Frankfurt, also requested that DB’s USD LIBOR submitters in London manipulate USD LIBOR submissions. For example, on March 28, 2007, Trader-9 made a request of Manager-1, in an electronic chat, “I WOULD NEED A HIGH 3 MTS LIBOR TODAY, BUT I THINK YOU DO TOO!!” to which Manager-1 replied with a suggestion “35?” Trader-9 then expressed his agreement and appreciation “YEP PSE.”

31. In an example of how a request altered DB’s USD LIBOR submission, Trader-1 asked for a high submission from Submitter-2, in an electronic chat, who was setting USD LIBOR on that occasion:

Trader-1:	can we have a high 6mth libor today pls gezzer?
Submitter-2:	sure dude, where wld you like it mate ?
Trader-1:	think it shud be 095?
Submitter-2:	cool, was going 9, so 9.5 it is

Trader-1: super – don't get that level of flexibility when [Manager-1] is in the chair fyg!

32. DB's USD LIBOR traders in New York also made requests of the bank's USD LIBOR submitters in London, and were actively encouraged to do so by their supervisor, Manager-2. For example, on November 28, 2005, Manager-2 and Manager-1 discussed, in email messages, Manager-2's present trading strategy and his need for a higher 1-month rate and Manager-1 prompted Manager-2 to keep Manager-1 informed. Then, on November 29, 2005, Manager-1 confirmed that they had taken Manager-2's request into account, in an email, "looking like 29 in 1 mth libor – we went in 295 for u." Similarly, on August 12, 2007, Manager-2 asked Manager-1 and Submitter-1, in an email, "If possible, we need in NY 1mo libor as low as possible next few days….tons of pays coming up overall….thanks!" Submitter-1 then agreed to try and help, "Will do our best [Manager-2]." Three days later, on August 15, Submitter-1 wrote, in an email, that he was still keeping one month USD LIBOR low, noting "1m libor looking like 57 today [Manager-2]," to which Manager-2 replied, "Thanks [Submitter-1], you are the man!"

33. Trader-4, who was in New York, made requests of DB's USD LIBOR submitters in London to benefit his trading positions. For example, on March 20, 2006, Trader-4 sent a USD LIBOR request, in an email, to Submitter-1, "Hi [Submitter-1] Regarding Mondays 3mLibor, MMD NY is receiving 3mL on USD 6.5 Bn so hoping for higher 3mL. Cheers [Trader-4]." Similarly, on April 11, 2006, Trader-4 sent an email request to Submitter-1, "Hi [Submitter-1] FYI I am receiving 3mL on 5.5 Bn of the April 12 fixing so a higher 3m Libor on Wed morning would help me. Regards [Trader-4]." Submitter-1 then passed along the request to Manager-1, in an email, noting "Hi [Trader-4], I'm off today but I'll pass the message on to [Manager-1]. Thanjs." Submitter-1 passed the request along one minute later. Again, on July 20, 2006, Trader-4 told Submitter-1, in an email, "FYI I'm short (paying 1mL) on 6bn of the 1mL tomw in case you have a chance to make it lower" and Submitter-1 responded, "leave it with me on the 1m."

34. Trader-5, another MMD USD LIBOR trader in New York likewise made a request. On May 17, 2006 Trader-5 sent a request, in an email, to Manager-1, "Hi [Manager-1], hope you've been well. If you can help we can use a high 3m fix tom," to which Manager-1 replied to Trader-5 and Submitter-1, "[Trader-5], I'm off but [Submitter-1] is your

libor man [] [Submitter-1] could you take a look at 3s libor in the morning for [Trader-5]." Submitter-1 then agreed to accommodate the request, replying "Will do chaps." The following morning after he submitted DB's contribution, Submitter-1 wrote to Trader-5, in a chat, "morning [Trader-5], I went in at 19+ for the 3m libor, as you'll see it almost manage to reach 19."

35. Having DB's USD LIBOR pool traders in London both submit LIBOR and trade financial products tied to USD LIBOR presented a conflict of interest that contributed to the manipulation of USD LIBOR submissions for the benefit of the submitting traders. For example, when Manager-2 from New York requested of Submitter-1 and Manager-1, in an email, that "3mo Libor be as high as possible Thursday and Friday, if you see the market higher" on November 24, 2005, Submitter-1 replied, "[Manager-2], we've gone in relatively neutral as a high 3s doesn't suit london at the moment. Hope that's ok." Manager-1 also responded separately to Manager-2's email and cc'd Submitter-1, "Who asked low, [Trader-1] and [Submitter-3]?" Manager-2 responded that "[Trader-21] in rates had 12 yards[1] today and tomorrow." Trader-21 was a USD Libor trader in New York. In a separate, related email conversation between Submitter-1 and Manager-1 about Manager-2's request, Submitter-1

admitted to Manager-1 that he "…asked [Trader-1] this morning so went neutral. It's fence sitting I know but better to try to keep both parties somewhat on-side." Soon after this comment to Manager-1, Submitter-1 wrote to Manager-2, with Manager-1 cc'd, "I'll speak to [Trader-1] again tmrw and see if we can get something sorted…"

B. EURIBOR

36. The market for derivatives and other financial products linked to benchmark interest rates for the Euro is global and is one of the largest and most active markets for such products in the world. A number of these products are traded in the United States – such as Euro-based swaps contracts traded over-the-counter – in transactions involving U.S.-based counterparties.

37. From at least as early as 2005 through at least 2010, in London, Frankfurt, and elsewhere, numerous DB employees engaged in regular efforts to manipulate EURIBOR to benefit DB's trading positions and thereby benefit themselves. The evidence revealed at least hundreds of instances in which DB employees sought to influence benchmark rates. In furtherance of these efforts to manipulate Euro benchmarks, DB employees used two principal and interrelated methods:

a) internal requests within DB by derivatives traders for favorable EURIBOR submissions; and

b) communications with derivatives traders at other Contributor Panel banks.

Details and examples of this conduct are set forth below.

1) Manipulation within DB of its EURIBOR Submissions

38. Throughout most of the relevant period, traders in DB's GFFX unit trading products linked to EURIBOR were located primarily in London and Frankfurt. Pool traders in DB's GFFX unit in Frankfurt determined DB's submission to the EURIBOR panel. Until the end of 2006, DB's Frankfurt's pool trading was headed by Senior Manager-6. After 2006, it was headed first by Manager-4 and later by Manager-5. During most of that time, the head of pool trading in Frankfurt reported to the GFF global head, Senior Manager-1. Manager-5, a senior pool trader who became the head of GFFX in Frankfurt in 2010, was responsible for DB's EURIBOR submission along with two other Euro pool traders, Submitter-4 and Submitter-5. In addition to determining DB's EURIBOR submission, all three of these pool traders traded products tied to EURIBOR.

39. Trader-3, who became the global head of MMD in London in 2009, was a significant trader of EURIBOR-based derivative products at DB. Trader-3's trading profits

earned him substantial performance bonuses, including a bonus of nearly 90 million pounds sterling in 2008. Trader-3's profits also gave him substantial influence at DB and in the industry generally. Trader-10 was a junior MMD trader in London working under Trader-3 since 2003. Although Trader-3 and Trader-10 traded derivative products tied to a number of benchmark rates and currencies, including USD-LIBOR, the majority of their trading was in EURIBOR-based instruments.

40. Instances of manipulation of DB's EURIBOR submissions within DB date back at least to 2005, and involve DB pool traders submitting rates intended to benefit their derivative trading positions, as well as pool and MMD traders requesting other pool traders to submit rates that would benefit the requesting traders' positions. Pool traders also regularly solicited requests for submissions from other Euro traders by asking them what EURIBOR submission would be most beneficial to their trading positions. On many occasions throughout the five year period, the DB pool traders accommodated the derivatives traders' requests.

41. From at least early 2005, DB's Euro traders were engaged in active communication with DB's EURIBOR submitters in Frankfurt to manipulate DB's EURIBOR

submissions. For instance, on March 9, 2005, Trader-3 asked Senior Manager-6, in an electronic chat, if he could push down the 3 month EURIBOR in March:

> Trader-3: [Senior Manager-6] PLS
>
> Senior Manager-6: YES
>
> Trader-3: HIHI GOOD MORNING DO YOU THIK YOU CAN PUSH 3MTH DOWN A LITTLE TO GET AN 87 OR HIGHER FIX ON MARCH? DOES IT SUIT YOU AS WELL? (

42. As another example, on February 29, 2008, in an electronic chat, Trader-3 requested favorable EURIBOR submissions from Submitter-5 in response to a request for preferences:

> Submitter-5: [Trader-3], you still need the high 6m fxg for the trade you wrote last time?
>
> Trader-3: yes please [Submitter-5] every day if possible and especially in march where we have a lot of 6mth fixings
>
> Submitter-5: ok

43. A few days later, on March 5, 2008, Trader-3 reiterated his request, in an electronic chat, for a high six month fixing to Submitter-5:

Trader-3: [Submitter-5] we need very high 6mth please all month

Submitter-5: its due to the position described last time?

Trader-3: yes please

44. On March 7, 2008, Trader-3 called Manager-5 regarding the six month fixing on the March 2008 IMM date.

Trader-3: so basically we need high 6 month

Manager-5: sure, you will get high 6 month

Trader-3: especially on the IMM date.

Manager-5: which rate do you like?

Trader-3: 4.80?

45. On many occasions, Trader-3's junior trader, Trader-10, requested favorable EURIBOR submissions from DB's submitters in Frankfurt. For example, on January 23, 2007, Trader-10 requested a favorable submission from Submitter-4, in an electronic chat:

Trader-10: [Manager-5] pls

Submitter-4: Hihi he is on holiday, may I help

Trader-10: Hi [Submitter-4], [Trader-10] here.. could we pls ask you to put low 1m fixing today please

Submitter-4: hahahahh sure, I have just written [Trader-3] a bbg asking whether u have any preferences for the fixings. We have only small xposure there so sure we can put in a 60 fix in the 1m

Trader-10: thx vmuch [Submitter-4] we need evry penny we can get atm the ee it's a bit tough to make money

46. On many occasions, DB's EURIBOR submitters in Frankfurt affirmatively solicited requests for upcoming EURIBOR submissions from Euro derivatives traders in London. For example, on November 30, 2006, Submitter-4 asked Trader-3, in an electronic chat, about his preferences for upcoming submissions and Trader-3 responded with information about what would most suit his trading positions:

Submitter-4: Bonjour Monsieur, I assume that u have continued interest in high 1me fixings, right?

Trader-3: bonour [Submitter-4] not today actually , today we are paying libor in 7bio, so a low 1s if possible – what do u think of this market ??

47. DB's EURIBOR submitters in Frankfurt also talked about influencing EURIBOR through their submissions, and how they took requests from traders in London into account. For example, on April 3, 2007, Submitter-4 informed Manager-5, in an email, that he was moving up DB's three month EURIBOR submission to help London traders, noting:

> Hi buddy, can you take a look at the 3m fixing. We already fixed 3.93 last week and now we are back at 3.92. The guys in London must think we are not going to manage to drive the fixing [rate] up. It shouldn't make any difference whether we have a passive fixing or not. If we want to drive it up we must permanently fix high and offer on the cash market.

48. As another example, on May 14, 2007 Submitter-4 communicated, in an electronic chat, to Manager-5 Trader-3's key positions and trading strategies. At this time, he also communicated what fixing would best promote those positions:

> please talk to [Trader-3] when you get a chance about a few things. He always has a few specific core positions that I have already spoken to him about. For

> instance he sells 1y eonia swap buys 1 y 12x1 swap position is then delta neutral and he gets the 1ME and pays EONIA in return. That's why he is always interested in a low EURIBOR1mE fixing. Or he gets forward spreads on futures cheaply and then tries to drive up the fixing or even to push it down. Year-end spreads, they're cheap throughout the year.

49. At times, Trader-3 and DB Euro traders in Frankfurt, including Submitter-4, also discussed trading strategies predicated on their ability to influence the EURIBOR fixings in favor of their trading positions. For example, on September 7, 2006, Submitter-4 outlined such a strategy to Trader-3, in an electronic chat:

> Ok here we goi – we all know that we have limited ability to impact the cash market exept of sometimes. Naturally we can not give cash in size due to bs limits but we can take in cash without restrictions. Since DB has a good name in the market we suhd be able to rise some size. This impact becomes even bigger when we do this in times when the cash market is even thiner than normal (ie. Year end). . . . Target tenors would be 1m and 3m. I am wondering wether its possible to build up fra-eonia spread throughout the year at decent levels and blow up the spread in Dec.

Over the next days, September 8 through 11, Submitter-4 further shared this strategy with his managers, Senior Manager-6 and Manager-5, in an electronic chat, informing them that "total profit possible EUR 2mn."

50. Having DB's Euro pool traders in Frankfurt make DB's EURIBOR submissions and trade financial products tied to EURIBOR presented a conflict of interest contributing to the manipulation of EURIBOR submissions for the benefit of the submitting traders. For example, on October 12, 2005, Trader-10 attempted, in an electronic chat, to influence DB's EURIBOR submissions and was rebuffed because DB's EURIBOR setters in Frankfurt had to first consider what submission would most benefit their positions:

Trader-10:	Good morning [Submitter-4], [Trader-10] here.. could we please ask you to put in low 1m fixing pls
Submitter-4:	Difficlt, think [Senior Manager-6] wnarts it [] on the high side
Trader-10:	Oh no!! But ladies first no ;))?
Submitter-4:	First come first serve.
Trader-10:	Exctly.. And we have been begging you for last two month!!
Submitter-4:	But u dont sign my bonus right?
Trader-10:	Hahah hmmm.. Unfortunatly not…

In other words, DB's EURIBOR submitters in Frankfurt took their supervisor's positions into account when making DB's EURIBOR submissions.

51. Moreover, pursuant to agreements with Euro traders at other panel banks, Trader-3, and Trader-10 on his behalf, made requests of DB's EURIBOR submitters for favorable EURIBOR submissions to benefit their trading positions and those of the traders at other Contributor Panel banks as described below.

2) Interbank Coordination of EURIBOR Submissions

52. From at least as early as June 2005 through at least October 2008, certain DB Euro traders and Euro traders at other Contributor Panel banks agreed to request that their respective EURIBOR submitters contribute EURIBOR submissions to benefit their trading positions. During that time, DB, through Trader-3, engaged in efforts to manipulate EURIBOR that often involved efforts to coordinate trading strategies with EURIBOR-based derivatives traders at a number of financial institutions. Other individuals and banks involved in the agreement were Trader A-1, a derivatives trader at Barclays, Trader CD, a derivatives trader at Bank C and later at Bank D, Trader E-1 of Bank E, Trader F-1, a derivatives trader at Bank F, Trader G-1, a derivatives trader at Bank G, and Trader H-1, a derivatives trader at Bank H. Periodically, these traders requested that their respective Contributor Panel banks' EURIBOR submitters contribute EURIBOR submissions to

benefit the other traders' trading positions when doing so would not conflict with their own trading positions.

53. Trader-3's efforts to coordinate EURIBOR submissions with certain other Contributor Panel banks goes back to at least mid-2005. For example, on July 6, 2005, Trader-3 communicated with Trader CD, via electronic chat, in an effort to manipulate DB's EURIBOR submissions:

Trader CD:	where DB 3s fixing today will u guys finally deliver?
Trader-3:	where u puttin the fix?
Trader CD:	13? Guess still 12 [Bank C]
Trader-3:	we'll put in 12 today amigo

Trader-3 then relayed this request to DB's EURIBOR submitters, in an electronic chat, on the same day:

Trader-3:	hihih any chance to put in 12 today pls?
Manager-5:	Normally I put 11 .. all broker are at 11 and we are showing 10 in 3m … but I will put 12 today if it helps u
Trader-3:	Many thx

54. Trader-3 regularly communicated with Trader A-1, a former colleague when both worked at Bank F, to manipulate EURIBOR submissions. As part of the agreement,

Trader-3 and Trader A-1 used their junior traders, Trader-10 and Trader A-2, respectively, to make requests for EURIBOR contributions that were beneficial to their positions. Moreover, Trader-3 and Trader A-1 agreed to work with traders elsewhere in efforts to manipulate the submissions of other Contributor Panel banks.

55. On June 29, 2006, Trader-3 and Trader A-1, in an electronic chat, agreed to request that their respective EURIBOR submitters contribute submission to the benefit of their trading positions and talked about how they could get other Contributor Panel banks to do so as well:

Trader-3:	today I need low 1 mth and high 3 mth
Trader A-1:	me too
Trader-3:	ok I’m telling my cashdesk I hope they are on the same track otherwise in the arse
Trader A-1:	do you know other banks that we can trust? To whom can we say low 1m?
	well I can call a guy from the cashdesk at [Bank F]
Trader-3:	there was [Bank C] but not anymore

Trader A-1: they definitely talk to each other
I got the confirmation

56. On several occasions during 2006 and 2007, Trader-3 and Trader A-1 attempted to move EURIBOR submissions at multiple financial institutions to benefit their large, accumulated trading positions.

57. For example, in the fall of 2006 Trader-3 built large trading positions where the profitability depended on where future EURIBORs would set and then attempted to manipulate EURIBOR to make more money on these positions. As early as September 7, 2006, Trader-3 told Trader A-1 about his positions and the two agreed to try to influence their respective Contributor Panel Banks' submissions accordingly. They also discussed, in an electronic chat, how they could influence other Contributor Panel banks to do so as well in advance of October and November reset dates:

Trader-3: on Oct and Nov I've got very good fixings!
Trader A-1: ok
Trader-3: wanna know?
Trader A-1: yes
Trader-3: 65 bio
and 72 bio

Trader A-1:	when?
Trader-3:	imm both of them
Trader A-1:	then for Oct, you want a high fix right?
Trader-3:	yes
Trader A-1:	I have 10bn it suits me too
Trader-3:	we are gonna work on them and Nov?
Trader A-1:	same as you in the other direction
Trader-3:	wonderful
Trader A-1:	that’s cool
Trader-3:	my cash desk will be against us so we’ll have to do some lobbying and [Royal Bank of Scotland (“RBS”)] is against as well and probably [UBS] I’ll talk to [Trader CD], he’s probably in the same direction as us
Trader A-1:	ok we have to fight hard against [RBS], I have the feeling this fag is an opponent to be reckoned with . . .
Trader-3:	very much

because his cash trader has a lot of influence on the brokers since he trades a lot

It's the same in dol

Trader A-1: Exactly, that's what they were telling me…it's better to tell them in the morning so they talk to all the brokers and they discuss it together

58. In addition to Trader A-1, Trader-3 reached out to Trader CD, a derivative trader at Bank C, multiple times during late September to try to enlist his help in advance of the October reset date. On September 27, 2006, Trader-3 indicated his preference for a high 3 month EURIBOR to Trader CD, via electronic chat:

Trader-3: amigo

which way are u in 3mth oct fras ?

if u receiving libor, I hope u gonna put high fixings

Trader CD: surprised how low it came out but now I am neutral 3m fixings like low 1s fixings n high 6 fixings

59. The next day, September 28, 2006, Trader-3 reiterated his request to Trader CD in an electronic chat:

Trader-3: amigo mio….hope u gonna put a high fix if it suits ?

Trader CD: Amigo will check with cash here think they go 42 to b honest v neutral to this one where do u guys see it?

Trader-3: am hopin for 425 or 43… thats where it shud be really

60. Also on September 28, 2006, Trader-3 reached out via electronic chat to Trader E-1, a trader at Bank E, with whom Trader-3 occasionally communicated to request that Trader E-1 influence Bank E's EURIBOR submission in advance of the October reset date:

Trader E-1: u have interest in a high or low libors?

Trader-3: wud still love high rates mate . . .i reckon u' re in the same position right?

Trader E-1: I need high libors in octobers and lower in november

WOULD LOVE IT…do u speak to ur guys in frankfurt for the fixings?

Later that day, the two continued:

Trader-3: yes and to [Trader CD] as well - my fft will put a high fix all allong October.. can u speak to your cash guys if it suits u ?

Trader E-1: will try, certainly

61. Furthermore, Trader-3 spoke with Trader A-1, in an electronic chat, on September 28, 2006 to reiterate the request in advance of the October reset date:

Trader-3: INSIST A LOT for the 3mth fixings

Trader A-1: I'll try [] I'm pushing for it I'll call [Trader G-1] and [Bank F] too

Trader A-1: I'll ask discretely

Trader-3: thanks

62. Meanwhile on September 27, 2006, Trader-3 also asked that DB's EURIBOR submitters in Frankfurt would support his position by stating in an electronic chat:

Trader-3: Mein Herr, how are u positionned in 3mth libor over october dates ? I'm hoping to get high fixings, is that ur way?

Submitter-4: DO U WANT A HIGH OCT06 FUT FIX OR A HIGH 3ME FIX? JUST TO CLARIFY

Trader-3: we desperately need a HIGH 3mth libor fix -> low october…

Submitter-4: MAYBE I AM WRONG BUT ITs NOT EXACTLY MY VIEW FOR A HIGH 3ME FIX. BUT WE WILL CLEARLY SUPPORT U IN UR INT.

Later that day, Submitter-4 confirmed, "I got ur point. We will see where the spread comes in [] Will fix high ahead of oct06 xpiry."

63. Likewise, Trader-3 reiterated his request to DB's EURIBOR submitters the next day on September 28, 2006, in an electronic chat, only getting a partial accommodation:

Trader-3: Mein herr pleassseee todont forget high 3mth and high 6nth libor plssssssss

Submitter-4: Today [Senior Manager-6] has got the other side in 3m. We wants it low. 6m we are indifferent. So cld fix high as you want.

Trader-3: Thank you

64. Subsequently, however, Submitter-4 agreed to keep Trader-3's requests in mind moving forward. For example, on October 2, 2006, Trader-3 made additional requests of Submitter-4 for an extended period, noting, in an

electronic chat, that he was only asking for movements that did not interfere with the Frankfurt traders' preferences for EURIBOR movements:

Trader-3: mein herr,
if [Senior Manager-6] fixings in the 3m have rolled off, wud it be possible to put a higher 3mth fixing ?

Submitter-4: Sure,any specific date or everyday till the oct06 fix?

Trader-3: every day please !

65. On October 4, 2006, Trader A-1 joked about putting in a low fixing that would not suit Trader-3's position, and then Trader A-1 informed Trader-3 that he had spoken to other Panel Banks about October EURIBOR submissions as well:

Trader A-1: can you call me back when you have your big fixing in October
So I can set it very low

Trader-3: I beg you
on the imm

Trader A-1: no worries. very low october []

I’ve asked [Trader G-1], [Bank F]
and here. I told them I had a 25bn
fixing
they said you’re crazy…
if they knew the truth…

Trader-3: I BEG YOU NOT TO TELL THEM ANYTHING

66. As a final example of the interbank coordination, Trader-3, Trader A-1, and traders at numerous other Contributor Panel banks agreed to request favorable EURIBOR submissions in advance of a large reset date on March 19, 2007. Similar to the Fall of 2006, Trader-3, Trader A-1, and others accumulated large positions in the EURIBOR derivatives market so that they stood to collectively benefit by manipulating EURIBOR on or around March 19.

67. On the morning of March 19, 2007, one the reset date, Trader-3 reminded Trader A-1 about their planned coordination in an electronic chat, and Trader A-1 again teased Trader-3:

Trader-3: don’t forget
apply some pressure for erh7
[EURIBOR march futures]

Trader A-1: 3m up to the sky
you’re crazy

I’m putting some pressure at lort
I’ve got to make some money
it’s got to be fixed 89.5

Trader-3: or 89

Trader A-1: 89 is like a blow job
ok we’re gonna apply some serious pressure
1m where do you want it

Trader-3: 1m flattish

Trader A-1: ok to the sky then

68. Trader-3 then communicated his and Trader A-1’s preference on DB’s EURIBOR submission to DB’s EURIBOR submitters on March 19, 2007, telling Manager-5, in an electronic chat, “dont forget us on the 3mth libor,” to which Manager-5 replied “i am trying to push it.” In addition to manipulating DB’s EURIBOR submission, Submitter-4, another DB EURIBOR pool trader, informed Trader-3, in an electronic chat, that he was “offering aggressively” in order to further lower the upcoming three month EURIBOR fix to benefit Trader-3’s trading positions. To do so, Submitter-4 purposefully offered Euros at excessively low or high rates in the market in an effort to influence the price of cash, and thereby influence the rates that Contributor Panel banks would submit for

EURIBOR. DB’s Euro pool traders occasionally engaged in this conduct in efforts to influence an upcoming EURIBOR fixing. In this instance, Submitter-4 acknowledged offering cash at one full bp below where he otherwise would have in an attempt to influence the three month EURIBOR in a downward direction. Submitter-4 wrote to Trader-3: “No worries, I wld offer at 88.5 anyway so its 1bp give away [] 1/10 in the 3m fix is worth it.”

69. Trader-3 and the other traders discussed how they successfully manipulated EURIBOR to benefit their trading positions in advance of the March 20, 2007 reset date, Trader-3 thanked DB’s EURIBOR submitters, in an electronic chat, telling Submitter-4 “Great job on this [Submitter-4], we can do more of this stuff,” to which Submitter-4 replied, “WE CAN MY FRIEND. WE CAN….” Submitter-4 also described, in an email, about DB’s involvement in the manipulation to Senior Manager-1, the global head of DB’s GFF, informing him: “HAVE U SEEN THE 3MK FIXING TODAY? THAT WAS AN EXCELLENT CONCERTED ACTION FFT/LDN. CHEERS.”

70. Trader-3 also wrote about the March 19, 2007 fixing with Trader K-1 of Firm K, in an electronic chat, and Trader K-1 in turn joked about the move in EURIBOR that day as well as the counterparties that would have lost money from the EURIBOR moves:

Trader K-1: nice fixing!!!

Trader-3: indeed

Trader K-1: why so low?

Trader-3: why not !

Trader K-1: who gets f*cked on that? I assume its all you short end guys ripping off an end user.

71. On occasion, Trader-3 and Trader A-1 used their junior traders, Trader-10 and Trader A-2, respectively, to request particular EURIBOR submissions. In fact, Trader-3 and Trader A-1 planned to have Trader-10 and Trader A-2 continue to influence EURIBOR submissions at their respective banks as agreed when they were not available, as they noted on March 14, 2007 in an electronic chat:

Trader-3: when we go one holiday
we have to put [Trader-10] and [Trader A-2] in touch
ok

Trader A-1: ok
of course
[Trader A-2's] good don't worry

72. In an earlier example, on December 27, 2006, when Trader-3 and Trader A-1 were on vacation together, Trader A-1 told Trader A-2 to ask Trader-10 to influence DB's

EURIBOR rate to benefit Trader A-1 and Trader A-2's trading positions. At that time, both Trader-3 and Trader A-1 had entered into a trade a few days earlier on December 21, 2006 where, according to Trader A-1, "we just did a 2mios eur/bp deal" that depended, at least in part, on the December 29, 2006 EURIBOR fixing. Then, on Friday December 29, 2006, Trader A-2 followed through on Trader A-1's instructions and initiated a conversation with Trader-10 also via electronic chat:

> Trader A-2: today we need a low 3 month fixing, could you tell your guys as well if it suits you?
>
> Trader-10: oh yes!!

Moments later, Trader-10 passed on this request, in an electronic chat, to Submitter-4, DB's EURIBOR submitter in Frankfurt, who agreed to accommodate it:

> Submitter-4: HIHIHIHI
>
> Trader-10: [Submitter-4] COULD I BEG YOU FOR A LOW 3M FIXING TODAY PLEASE.. THANT WOULD BE THE BEST XMAS PRESENT ;)
>
> Submitter-4: WILL MEE BE A PLEASURE, NO PROBS WE HAVE NOTHING ON THE OTHER SIDE HERE. WILL PUT IN 71 AT LEAST

	MAYBE WE CLD PUT IN 70 HAVE TO SEE….
Trader-10:	S LOW AS POSSIBLE AS WE HAVE 2.5 YRDS ON IT TODAY, SO WOULD BE VERY HELPFUL
Submitter-4:	THX [Trader-10] COME BACK LATER CIAO BIBIBIBI

C. Yen LIBOR

73. The market for derivatives and other financial products linked to benchmark interest rates for the Yen is global and is one of the largest and most active markets for such products in the world. A number of these products are traded in the United States – such as Yen-based swaps contracts traded over-the-counter – in transactions involving U.S.-based counterparties.

74. From at least 2006 through 2010, in London and elsewhere, several DB employees engaged in regular efforts to manipulate Yen LIBOR to benefit DB’s trading positions and thereby benefit themselves. This conduct included regular instances in which DB employees sought to influence Yen LIBOR submissions. In furtherance of these efforts, DB traders employed two principal and interrelated methods, including the following:

a) internal requests within DB by derivatives traders for favorable Yen LIBOR submissions; and

b) communications with a derivatives trader at another Contributor Panel bank.

Details and examples of this conduct are set forth below.

1) <u>Manipulation within DB of its Yen LIBORSubmissions</u>

75. During most of the relevant period, DB traders in DB's GFFX unit trading products linked to Yen LIBOR were located primarily in London. Submitter-7, a Yen pool trader with supervisory responsibilities, along with another Yen pool trader, Submitter-8, had primary responsibility for submitting Yen LIBOR rates on behalf of DB during most of the relevant period. From at least 2006 to 2007, Submitter-3 and Submitter-2, two pool traders in London also traded derivative products tied to Yen LIBOR and Submitter-2 had a role in the Yen LIBOR submission process. In 2008, DB also had one Yen LIBOR derivatives trader in London on the MMD desk, Trader-11. Trader-11 reported directly to Trader-3. Although Trader-11 belonged to the MMD desk, he was also responsible for submitting DB's Yen LIBOR rate during a significant portion of 2008 and 2009. In addition, DB had a number of MMD traders in its Tokyo subsidiary who traded derivative products tied to

Yen LIBOR, including Trader-13 and Trader-15, during some of the relevant time period.

76. Instances of manipulation of Yen LIBOR submissions within DB date back at least to 2006, and involve DB pool and MMD traders submitting rates that would benefit their derivative trading positions as well as Yen LIBOR pool and MMD traders making requests of other pool traders to submit rates that would benefit the requesting traders' positions. Pool traders also occasionally solicited requests from other Yen LIBOR traders by asking them what Yen LIBOR submissions would be most beneficial to their trading positions. On many occasions, the DB pool traders accommodated the derivatives traders' requests. Moreover, in some cases, requests would not have been necessary because a derivatives trader with Yen positions was also the submitter, for example when Trader-11 was the submitter in 2008-2009.

77. Having Yen pool or MMD traders submit Yen LIBOR and trade Yen LIBOR-based derivative products presented a conflict of interest that contributed to the manipulation of Yen LIBOR submissions for the benefit of the submitting trader. For example, on September 1, 2008, Trader-11 admitted in a conversation, in an electronic chat, with Tom Alexander William Hayes, a Yen LIBOR-based derivatives

trader at UBS, that Trader-11 intended to submit a Yen LIBOR rate that would benefit his own trading position:

> Trader-11: but going to put high libors today
>
> Hayes: sure i think you guys are top in 1m anyway
>
> Trader-11: I am mate need it high!

Likewise, on June 15, 2009, Trader-11 explained, in an electronic chat, to Hayes that he could not set Yen LIBOR higher because "i think my libors will be unch[anged] for a while now . . . . . my led is quite high" and "i do not want 3m libor up."

78. Requests for favorable Yen LIBOR submissions within DB primarily occurred among and between traders in DB's London office and its Tokyo subsidiary. A number of these requests were made by DB pool trader Submitter-3 by electronic chats. For example, on May 22, 2006, Submitter-3 requested a favorable submission from Submitter-8 because of a large upcoming reset, "i've got a 3m jpy libor pay set today, could you go in low if it suits? thx," to which Submitter-8 replied "YES SURE."

79. Another Tokyo-based DB MMD Yen LIBOR trader was also active in making requests, through electronic chats, for Yen LIBOR submissions that would benefit their trading positions. For example, on September 29, 2006, Trader-13

requested favorable Yen LIBOR fixings from Submitter-8, "Hi, [Submitter-8]. I like to have a lower 3&6 month Libor today. [Trader-13]," to which Submitter-8 replied, "OK NO PB." Similarly, on October 20, 2006, Trader-13 again requested favorable Yen LIBOR fixings from Submitter-8, "Hi, [Submitter-8]. [Trader-13] here. Only if possible, I like to have a higer 6month jpy LIBOR today. [] Many thanks, [Trader-13]," to which Submitter-8 replied, "ok i will try." Likewise, on November 16, 2006, Trader-13 requested a favorable Yen LIBOR fixing of Submitter-8, "only if possible, I like to have a lower 6month yen Libor today."[2]

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[2] During the relevant period, DB was also a member of the Contributor Panel for the Euroyen Tokyo Interbank Offered Rate ("TIBOR"). TIBOR is a reference rate overseen by the Japanese Bankers Association, which is based in Tokyo, Japan. While DB was a member of the panel, the Euroyen TIBOR Contributor Panel was comprised of 16 banks. The term "Euroyen" refers to Yen deposits maintained in accounts outside of Japan. Euroyen TIBOR is what Contributor Panel banks deem to prevailing lending market rates between prime banks in the Japan Offshore Market as of 11:00 a.m. Tokyo time. Euroyen TIBOR is calculated by discarding the two highest and two lowest submissions, and averaging the remaining rates. The published rates, and each Contributors Panel bank's submitted rates, are made available worldwide through electronic means and through a variety of information sources.

On a few occasions from 2009 until 2010, traders at DB also attempted to influence DB's and other Contributor Panel Banks' TIBOR submissions in order to impact the TIBOR fixing in a way that benefitted their trading positions in derivative financial products tied to TIBOR. For example, on June 19, 2009, Trader-11 reached out to Trader-15, a DB trader who traded, among other things, derivative financial products tied to TIBOR, to try and influence DB's TIBOR contribution:

Trader-11:	hum a bit of a rough question can we get DB TOK not to lower tibor contribution?
Trader-15:	yeah i hear ya
Trader-11:	a 56 setting makes evrybody happy
Trader-15:	yeah we same way here

2) *Interbank Coordination of Yen LIBOR Submissions*

80. From at least as early as August 2008, Trader-11, who was both a derivatives trader and Yen LIBOR submitter at DB, agreed with, Hayes, a trader at another other Contributor Panel bank to manipulate Yen LIBOR submissions. At that time, Trader-11 and Hayes, a derivatives trader at UBS, agreed to influence their respective banks' Yen LIBOR submissions to benefit the other trader's trading positions when doing so would not conflict with their own trading positions. Trader-11 and Hayes did this to benefit their respective trading books. Furthermore, on at least one occasion, Trader-11 and Hayes aligned their trading positions in a manner that was intended to provide both of them an opportunity to benefit from manipulating Yen LIBOR. Because Trader-11 was also responsible for the submission of DB's Yen LIBOR rate in much of 2008 and 2009, he was able to directly manipulate DB's submission both for himself and on the occasions when he agreed to accommodate Hayes's requests.

81. As early as August 28, 2008, Trader-11 and Hayes agreed, in an electronic chat, to coordinate their respective banks' Yen LIBOR submissions in order to benefit

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Trader-15 then indicated that he could not influence DB's TIBOR submission.

each others' derivatives trading positions. In an electronic chat that day, the two discussed this:

Hayes:	look i appreciate the business and the calls we should try to share info where possible also let me know if you need fixes one way or the other
Trader-11:	sure sorry mate have to go too busy on many things . . .
Hayes:	and i'll do the same if you have any joy with you setters no prob
Trader-11:	good evening

82. From 2008 until approximately September 2009 Hayes periodically made requests of Trader-11 to move DB's Yen LIBOR submissions in a particular direction (i.e., up or down) in order to benefit Hayes derivative positions, and Trader-11 agreed to do so. For example, on September 18, 2008, the two discussed the following, in an electronic chat:

Hayes:	you got any ax on 6m fix tonight?
Trader-11:	absolutely none but i can help

Hayes: can you set low as a favour for me?

Trader-11: done

Hayes: i'll return favour when i can
just ask
have 75m m jpy a bp
tonight

Trader-11: np

The next day, on September 19, 2008, Hayes offered to raise the rate he would pay Trader-11 on a trade, and explained his motivation for doing so: "in fact cause you helped me on 6m yday."

83. Despite the fact that Trader-11 agreed to manipulate DB's Yen LIBOR submissions with Hayes, as early as 2008, Trader-11 recognized that doing so was illegal as shown in a telephone conversation with an unknown caller:

Trader-11: `Um…it was not…not that big movement in the cash and [UBS] is manipulating it at the moment to get it very low.

Unknown Caller (UC): You are telling me that the [UBS] is manipulating right?

Trader-11: Yeah. I mean yesterday [Hayes] came to me, ok, and said "hello mate," "hello," "I've got a big reset, that was yesterday, and about 750, uh…75 million yen dv01, can you put it low?"

…

Trader-11: And [Hayes] said, 'can you put it low?' I said, 'yeah, ok.' At the end…at the end of the day, [laughter] it went down [unintelligible] bps when I think cash is better bid.

UC: Fucking hell.

Trader-11: And he's doing that with the 16 banks [laughter].

UC: That means [UBS] is asking 16 banks to…to…to ask you guys to put it high.

Trader-11: Maybe not…not 16 banks, but you know, if he knows eight banks, that's enough.

…

Trader-11: Yeah this is why the LIBOR came off yesterday. For no other reason.

…

Trader-11: Yeah, yeah, I know, but…because it was manipulated by Hayes

UC: Fucking hell, manipulating, Wow!

…

UC: Is that...is that legal or illegal?

Trader-11: No, that's illegal. No, that's illegal….

84. Moreover, within two weeks of helping Hayes, Trader-11 told Submitter-8, in an electronic chat, on September 30, 2008 about how Hayes "call[ed] [Trader-11] directly to beg [Trader-11] to put a low 6m libor" 10 days ago, to which Submitter-8 replied, "you're kidding me??????" Submitter-8 then remarked, "that's not very kosher…" to which Trader-11 replied, "no, not really."

85. Despite knowing that manipulating LIBOR was illegal, Trader-11 continued to agree with Hayes to manipulate DB's LIBOR submissions, as seen in a May 2009 electronic chat exchange:

Hayes: cld you do me a favour would you mind moving you 6m libor up a bit today, i have a gigantic fix
i am limit short
can't sell anymore
just watch

Trader-11: i can do taht

Hayes: thx

The next day, Trader-11 confirmed that this Yen LIBOR submission had been beneficial to Hayes:

Trader-11: u happy with me yesterday?

Hayes:	thx

86. In and around July and August of 2009, Trader-11 and Hayes agreed to influence the six month Yen LIBOR fixing by manipulating their and other Contributor Panel banks' six month Yen LIBOR submissions. The plan involved to increase the six month Yen LIBOR fixing higher up until August 11, 2009, and then suddenly lowering their and other Contributor Panel banks' submissions, all to the benefit of their coordinated trading positions. As early as July 6, 2009, Trader-11 and Hayes began talking about their plan, in an electronic chat, to influence the six month Yen LIBOR rates and about when they would begin:

Trader-11:	Hi
Hayes:	when is your first fix you need low 6m for?
	talking to my guys about when we start lowering it
	not yet obviously
	but just so i can plan ahead
Trader-11:	nottoo fuss to be fair
Hayes:	ok they have some fixes till eom
	so we will drop it
	31st
	is that ok or is that too late? []

Trader-11: ok np

87. On July 14, 2009, the two continued discussing their effort, in an electronic chat, to manipulate DB's six month Yen LIBOR submission and how doing so would mutually benefit their trading positions by, at that stage of the plan, keeping their submissions higher:

Hayes: if you cld hold your 6m fix till the eom wld be massive help

Trader-11: I put higher today

Hayes: thx

Trader-11: suist me too

That same day, Hayes told Trader-11 how he would get UBS and other Contributor Panel banks to help lower the six month Yen LIBOR fix in the coming weeks as part of their plan, "just fyg after eom will get 6m down a lot, we will move from top to bottom, and so will [Bank H]." Later, on July 21, 2009, Hayes informed Trader-11 that he had accumulated a "huge" position in anticipation of lowering the six month Yen LIBOR and that he needed Trader-11 to take on some of his risk through additional trades, to which Trader-11 agreed noting, "that is fair, ok we done." Hayes's and Trader-11's sharing of risk had the effect of aligning Hayes's and Trader-11's trading positions in advance of their plan concerning the six month Yen LIBOR.

By July 23, 2009, Hayes and Trader-11 finally confirmed that they would make a "massive push" to lower their respective Contributor Panel banks' six month Yen LIBOR submissions by "aug 11th." In the following days and weeks, Trader-11 proceeded to lower DB's six month Yen LIBOR submission by large amounts. Finally, on August 11, 2009, Trader-11 explained some of his earlier plans concerning the six month Yen LIBOR to Trader K-2, a trader at Firm K, noting "between u and me 6m libor is going to go very low in sep" and "[Hayes] will drop and teh others when back from holiday."

88. Between 2008 and 2009, Trader-11 would also occasionally tell Hayes, over electronic chat, what rates DB was going to submit or ask Hayes if he had a preference for where that rate should be. For example, on January 15, 2009, Trader-11 asked Hayes, "where should i put my libors," and proceeded to list potential LIBOR submissions. Similarly, on May 13, 2009, Trader-11 informed Hayes that "we are dropping our [USD] libor 20 bp to 70."

89. Trader-11 continued to agree with Hayes, over electronic chat, to coordinate favorable Yen LIBOR submissions after Hayes left from UBS to Bank C in approximately September 2009. For example, on March 26,

2010, Hayes requested that Trader-11 manipulate DB's LIBOR submissions:

Hayes:	you got much in 3m libor in dec ?
Trader-11:	nothing
Hayes:	ok i really gonna need 3m lib up a bit in dec have massive imm fix vs [Bank J]
Trader-11:	hum np
Hayes:	thanks
Trader-11:	we have time by then
Hayes:	anything i can help with let me know

Such requests continued up until approximately June 2010 when Trader-11 informed Hayes that he no longer had any "influence or control" over Yen LIBOR submissions and that he did not "want to be involved."[3]

[3] Interdealer Brokers, such as Broker A and Broker B, track bids and offers of cash in the market and assist derivatives and money market traders in arranging transactions between financial institutions and other market participants. As a result of their positions as intermediaries, some brokers developed relationships with traders and LIBOR submitters at various Contributor Panel banks, often possessed knowledge of interbank money market activity, and as a result frequently communicated with derivatives traders and LIBOR submitters at the Contributor Panel banks.

DB Yen LIBOR traders occasionally communicated with interdealer brokers about Yen LIBOR submissions. For example, on July 10, 2009, Submitter-7 asked Broker A-1, an interdealer broker at Broker A, in an

D. *CHF LIBOR*

90. On many occasions from at least 2007 through at least2010, DB CHF LIBOR derivatives traders in London, and elsewhere, asked DB pool traders to submit CHF LIBOR rates to benefit their trading positions in derivative products tied to CHF LIBOR. The DB pool traders agreed to accommodate many of these requests.

91. During most of this period, DB traders within DB's GFFX unit trading products linked to CHF LIBOR were primarily located in London and Frankfurt. DB's CHF LIBOR submission was originally made by Submitter-7 in London, but the responsibility moved over to DB's GFFX unit in Frankfurt in approximately 2004. After 2004, DB's CHF LIBOR submitter was Submitter-9, a pool trader in Frankfurt who reported to the head of GFF in continental Europe, at first Senior Manager-6, and later Manager-5. At the same time, Trader-9, another pool trader in Frankfurt was also involved in submitting DB's CHF LIBOR rates. Beginning in June 2010, another junior pool trader in Frankfurt, Trader-16, began trading financial products tied to CHF LIBOR and began submitting DB's CHF LIBOR submission. Until at least

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electronic chat, "3 mth libor today ? . . . any chance to get it lower or some resistance . . ." to which Broker A-1 replied, "ill try prob Monday can get it lower." Similarly, on September 26, 2008, Trader-11 asked Broker B-1, an interdealer broker at Broker B, in an electronic chat, "Morning libor to the roof today please," to which Broker B-1 replied, "yeah looks that way dude."

2007, Trader-20, a DB repo trader in GFFX in London traded derivative products tied to CHF LIBOR as well. Likewise, from at least August 2008 to March 2010, Trader-11, an MMD trader in London who reported to Trader-3, traded derivative products tied to CHF LIBOR in London.

92. Evidence of manipulation of CHF LIBOR submissions dates back at least to 2007 and involves DB pool traders making CHF LIBOR submissions that would benefit their derivative trading positions, as well as pool and MMD traders requesting CHF LIBOR submissions that would benefit the requesting traders' positions. Pool traders also occasionally solicited requests from other CHF LIBOR traders by asking them what CHF LIBOR submissions would be most beneficial to their trading positions. In particular, the CHF LIBOR setters would maintain a spreadsheet of what rates they had submitted and intended to submit on behalf of DB. This spreadsheet was often circulated to other DB traders in advance of DB's CHF LIBOR submission to the BBA allowing those traders to request that the submission be moved to influence the CHF LIBOR fixing to benefit their trading positions. In 2009, Submitter-9 told Trader-11 in a telephone call, "I now have libor contribution simulation in my spreadsheet." On many occasions, the DB pool trader accommodated the derivatives traders' requests.

Additionally, DB's CHF LIBOR pool and MMD traders participated in weekly GFFX-wide phone calls to discuss the market, risk, and their trading positions.

93. This scheme to manipulate CHF LIBOR became more frequent when Trader-11 began trading CHF LIBOR-based derivative products on behalf of DB from 2008 through 2010. During that time, Trader-11 regularly communicated with Submitter-9, and on occasion Trader-9, about submitting CHF LIBOR submissions that were intended to benefit Trader-11's trading positions. Soon after he started, Trader-11 quickly let Submitter-9 know that he was trading these financial products and that the two could work together manipulate DB's CHF LIBOR submissions. On July 25, 2008, Trader-11 and Submitter-9 were introduced and discussed briefly, in an email, how this scheme would operate:

Trader-11: Hello I trade CHF derivatives in London what are you putting for libors today please?

Submitter-9: Hi mate welcome in one of the most interesting currency market heard out of the market that there is sombody at DB LDN now again trading CHF derivatives didnt check so far but probably going for 27 in the 1mth and 75 in the 3mths In case you have aynthing special let me know rgds [Submitter-9]

94. After that, the two regularly spoke about influencing DB's CHF LIBOR submissions to benefit trading positions. At times, they also discussed whether they could have a greater influence on the CHF LIBOR fixing by submitting at the low end of the Contributor Panel banks whose submissions would be averaged by the BBA or by submitting so low that DB would be dropped out of the calculation altogether. For example, on September 25, 2008, the two agreed, in an electronic chat, to move DB's rate for Trader-11's benefit with Trader-11 explaining the motivation for his two requests. In doing so, they also pushed for specific target CHF LIBOR submissions:

Submitter-9: hi gd morning mate…in case it helps u my libor forecast: 1m 2.63 2m 2.70 3m 2.82 6m 2.98 9m 3.10 12m 3.235

Trader-11: ok many thanks

can you put a high 3m please?

Submitter-9: sure 83?

Trader-11: many thanks

really need low 1 month today…
just for tpday…

Submitter-9: wud do 61 if you agree…problem is not to quote too low to be deleted in the calculation process…?? Crazy these markets…..hope ur fine with the fixing

Trader-11: yes it is perfect was paying a lot of 1m today glad it is out of the way am short 3m but want to rec 3s now

95. Similarly, on October 23, 2008, the two spoke about moving DB's CHF submissions to benefit Trader-11's trading positions and revisited their discussions, in an electronic chat, about the optimal way to impact the fixing to benefit one's trading positions:

Trader-11: where do you see 1m libor today?

Submitter-9: gd question lower again I will go again for 2.50 with a fix at 2.60-62

Trader-11: cam you put a very low 1 month please

Submitter-9: sure wnatever suits u but to be honest lower than 2.50 wud mean we r off the calculation anyway so having no effect on the fix

Trader-11: fine if we are off the calculation it is always better than we are in
To get libor your way you always need to be off teh calculation

Submitter-9: to show the direction i totally agree….but in case u have a refix i wud say its better to be in the calc on the low side

Trader-11: no we had a chat with [Trader-3] about that and we do not think so
Maybe he is wrong!!!
If you are un menas you increase the libor no?

Submitter-9: it depends what u expect all the other to quote….on the day of ur refix its better to be the lowest in the calc to bring libor down, no?
But to make sure risk on the 1m libor today clearly on the downside, means coming more down to 2.50 area..maybe all the banks

	quoting unchgd high 1m libor yesterday might go down quite a lot today
Trader-11:	good
Submitter-9:	will go 38 in thw 1m fixing
Trader-11:	Thank you

E. <u>GBP LIBOR</u>

96. From at least 2005 through 2010, London-based pool traders regularly made GBP LIBOR submissions that benefited trading positions in derivative products tied to GBP LIBOR. These submissions by DB's GBP pool traders benefited their own positions. During this same period, DB's GBP LIBOR submitters on occasion received requests from the bank's GBP derivatives traders, including Trader-17 and Trader-18.

97. During most of this period, responsibility for DB's GBP LIBOR submission rested primarily with pool traders Trader-18 and Submitter-10. Over time, Trader-18's job evolved from being in charge of a cash book into managing a sizeable derivatives book the profitability of which was based on products primarily tied to GBP LIBOR. Also during this time and beginning in at least 2007, Trader-18 became Submitter-10's supervisor. Consequently, Submitter-10 knew Trader-18's derivatives positions and had

them in mind when setting DB’s GBP LIBORs and submitted rates that favored Trader-18’s derivatives positions.

F. DB Management

1) A DB Senior Manager’s Awareness of the Scheme

98. Senior Manager-1, a senior manager and the head of GFF in London, was present when DB traders and submitters coordinated LIBOR submissions. Senior Manager-1 was the head of the primary business unit at DB engaged in the manipulation of LIBOR submissions and was present on occasions when Submitter-1 received requests to manipulate DB’s USD LIBOR submission.

99. Senior Manager-1 also received communications from the derivatives traders in London, and the derivatives traders and EURIBOR submitters in Frankfurt communicated fixing interests. For example, on October 10, 2008, Manager-5 sent an email to Senior Manager-1 informing Senior Manager-1 of fixing coordination between Trader-3 and himself. Manager-5 wrote, “Hi [Senior Manager-1]. How are YOU? I talked to [Trader-3] about the fixings for next week. Did he passed it to you???

100. Similarly, in March 2007 Submitter-4 described, in an email, about DB’s involvement in EURIBOR manipulation to Senior Manager-1 informing him: “HAVE U SEEN THE 3MK

FIXING TODAY? THAT WAS AN EXCELLENT CONCERTED ACTION FFT/LDN. CHEERS."

101. As a part of Senior Manager-1's performance evaluation of Trader-3 in 2004, Senior Manager-1 encouraged Trader-3 to "Increase relationship with FFT MM to control the short date settings with cash and derivatives."

2) DB's Poor Compliance Culture

102. Having DB's USD LIBOR pool traders both submit LIBOR and trade financial products tied to USD LIBOR presented a conflict of interest that contributed to the manipulation of USD LIBOR submissions for the benefit of the submitting traders. This conflict of interest was not entirely or sufficiently resolved until March 2012—more than two years after regulators began to inquire about the LIBOR setting process at Contributor Banks.

103. Moreover, certain DB managers prioritized making money above compliance and business ethics. For example, in the year 2008 Trader-3 made approximately 90 million pounds sterling from a percent-of-revenue performance contract. That year, DB did not perform its standard evaluation for traders of Trader-3, which nominally would have included topics such as culture and behavior.

104. Managers at DB who were regularly involved in and aware of manipulation, were often promoted to higher

managerial levels. For example, Manager-1, who was regularly involved in influencing DB's USD LIBOR submission in London, rose to the head of GFF in London during the relevant period. Likewise, Trader-3, who manipulated and agreed to manipulate DB and other Contributor Panel banks' EURIBOR submissions, was elevated to the global head of DB's MMD desk during the relevant period. Additionally, Manager-5, who was involved in influencing DB's EURIBOR submission in Frankfurt and overseeing this process, was promoted to the head of GFF in Frankfurt during the relevant period.

105. DB did not recognize other warning signs relating to possible trader misconduct on the MMD desk. In the beginning of 2009, a group of senior managers led by Senior Manager-5 reviewed the EURIBOR trading desk and did not find any manipulation. In the Spring of 2009, Senior Manager-2 had the bank's internal Business Integrity Review Group (BIRG) review the desk because of the massive profits the desk made in 2008, and in particular that Trader-3 made. The final BIRG report revealed cultural and conduct issues, including issues relating to Trader-1, Trader-3, and Trader-17. Despite the fact that the attempts to manipulate LIBOR and EURIBOR were occurring openly over written communications and in verbal requests, were known

to a number of key managers at the bank, and were a natural result of having derivatives traders make submissions for benchmarks referenced in products actively traded by themselves or their direct supervisors, the BIRG review failed to identify any misconduct involving LIBOR and EURIBOR, and no disciplinary or remedial actions were taken.

3) The Implications of the DB Swaps Traders Requests

106. When DB derivatives traders made requests of DB pool traders in order to influence DB's benchmark interest rate submissions, and when the pool traders accommodated those requests, the manipulation of the submissions affected the fixed rates on various occasions.

107. Likewise, when DB derivatives traders agreed with traders to influence the submissions of other Contributor Panel banks – either by (1) seeking and receiving accommodation from their counterparts at such banks, or (2) influencing the submissions from other banks with the assistance from cash brokers who disseminated misinformation in the marketplace – the manipulation of those submissions affected the fixed benchmark rates on various occasions.

108. Indeed, the purpose of this activity was to manipulate benchmark submissions from DB and other banks to

influence the resulting fixes and thus to have a favorable effect on the derivatives traders' trading positions. Because traders' compensation was based in part on the profit and loss calculation of the trading books, derivatives traders' requests were intended to benefit their compensation as well.

109. Because of the high value of the notional amounts underlying derivatives transactions tied to LIBOR and EURIBOR, even very small movements in those rates could have had a significant positive impact on the profitability of a trader's trading portfolio, and a correspondingly negative impact on their counterparties' trading positions.

110. DB entered into interest rate derivatives transactions tied to LIBOR and EURIBOR – such as derivatives and forward rate agreements – with counterparties to those transactions. Some of those counterparties were located in the United States. Those United States counterparties included, among others, asset management corporations, business corporations, universities, non-profit organizations, and insurance companies. Those counterparties also included banks and other financial institutions in the United States or located abroad with branches in the United States.

111. In the instances when the published benchmark interest rates were manipulated in DB's favor due to DB's manipulation of its own or other banks' submissions, that manipulation benefitted DB derivatives traders, or minimized their losses, to the detriment of counterparties located in Connecticut and elsewhere, at least with respect to the particular transactions comprising the trading positions that the traders took into account in making their requests to the rate submitters. Certain DB pool and MMD derivatives traders who tried to manipulate LIBOR and EURIBOR submissions understood the features of the derivatives products tied to these benchmark interest rates; accordingly, they understood that to the extent they increased their profits or decreased their losses in certain transactions from their efforts to manipulate rates, their counterparties would suffer corresponding adverse financial consequences with respect to those particular transactions.

112. When the requests of derivatives traders for favorable LIBOR and EURIBOR submissions were taken into account by the DB pool traders, DB's rate submissions were false and misleading. Those false and misleading LIBOR and EURIBOR contributions affected or tended to affect the value and cash flows of derivatives contracts, including

interest rate swap contracts. Moreover, in making and in accommodating these requests, the derivatives traders and submitters were engaged in a deceptive course of conduct in an effort to gain an advantage over their counterparties. As part of that effort: (1) DB pool and MMD traders submitted and caused the submission of materially false and misleading LIBOR and EURIBOR contributions; and (2) derivatives traders, after initiating and continuing their effort to manipulate LIBOR and EURIBOR contributions, negotiated and entered into derivative transactions with counterparties that did not know that DB employees were often attempting to manipulate the relevant rate.

III.

DB'S ACCOUNTABILITY

113. DB acknowledges that the wrongful acts taken by the participating employees in furtherance of the misconduct set forth above were within the scope of their employment at DB. DB acknowledges that the participating employees intended, at least in part, to benefit DB through the actions described above. DB acknowledges that due to this misconduct, DB, including the DB branches or agencies in the United States, have been exposed to substantial financial risk, and partly as a result of the penalties imposed by this Deferred Prosecution Agreement and under

agreements reached with other government authorities, has suffered actual financial loss.