

### EXHIBIT 3

#### Statement of Facts

The following Statement of Facts is incorporated by reference as part of the Plea Agreement between the Fraud Section of the Criminal Division and the Antitrust Division of the United States Department of Justice (together, the "Department") and DB Group Services (UK) Limited ("DBGS") and DBGS hereby agrees and stipulates that the following information is true and accurate. DBGS admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, and agents as set forth below. Had this matter proceeded to a trial or sentencing hearing, the Department would have proven, by the applicable standard of proof and by admissible evidence, the facts alleged below and set forth in the criminal Information. 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 Deutsche Bank AG ("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 and DBGS*

14. Deutsche Bank AG ("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 and New York. DB, through its GFFX unit, employed traders in both its Pool Trading groups and its Money Market Derivatives ("MMD") groups.<sup>1</sup> Many GFFX traders in London were employed by DBGS, a wholly owned, indirect subsidiary of DB. DB and DBGS's derivatives traders were responsible for trading a variety of financial instruments, some of which, such as interest rate swaps and forward rate agreements, were tied to reference rates such as LIBOR and EURIBOR.

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

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<sup>1</sup> 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 – an employee of DBGS – 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.



of financial instruments, some of which, such as interest 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. DBGS employed many of DB's London-based pool and MMD traders.

## II.

### THE SCHEME TO DEFRAUD

16. From at least 2003 through at least 2010, DB derivatives traders engaged in a scheme to defraud DB's counterparties by secretly attempting to manipulate and manipulating U.S. Dollar, Yen, and Pound Sterling LIBOR, as well as EURIBOR (collectively the "IBORs" or "IBOR"). They carried out this scheme by attempting to manipulate and manipulating the various IBOR submissions. These derivatives traders requested that the DB IBOR submitters send in benchmark interest rates that would benefit the traders' trading positions, rather than rates that complied

with the definitions of the IBORs. These derivatives traders either requested a particular IBOR 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.

17. In light of the large notional values that form the basis of many derivatives trades tied to the IBORs, even small movements in the IBORs had a substantial impact on the profitability of trading positions.

18. 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. The derivatives traders did not inform their counterparties that the traders were engaging in efforts to manipulate the IBORs to which the profitability of their trades was tied.

19. When the requests of derivatives traders for favorable IBOR 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 IBOR contributions; and (2) derivatives traders, after initiating and continuing their effort to manipulate IBOR contributions, negotiated and entered into derivative transactions with counterparties that did not know that DB employees were often attempting to manipulate the relevant rate.

20. DB entered into interest rate derivatives transactions tied to the IBORs - 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.

21. From the perspective of a counterparty, information that a derivatives trader on the opposite side of a trade was engaging in efforts to manipulate the IBORs to which the value of the trade was tied was material. False and misleading IBOR submissions that could affect the published rate were also material from a counterparty's perspective.

22. 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.

23. DBGS derivatives traders who participated in the scheme described above devised and carried out a scheme to defraud their counterparties, and to obtain money and property from their counterparties by means of materially false and fraudulent pretenses and representations, knowing that they were false and fraudulent when made and acting with fraudulent intent. This deceptive scheme involved efforts by DBGS derivatives traders to manipulate hundreds of IBORs.

### III.

#### EXECUTION OF THE SCHEME TO DEFRAUD

##### A. USD LIBOR

24. 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.

25. From at least 2003 through at least 2010, DBGS employees regularly sought to manipulate USD LIBOR to benefit their trading positions and thereby benefit themselves and DB.

26. During most of this period, traders at DB who traded products linked to USD LIBOR were primarily located in London and New York. DBGS employed almost all of the USD LIBOR traders who were located in London and involved in the misconduct. 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, who was a DBGS employee, reported

directly to Senior Manager-1, who was not a DBGS employee. 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 was not a DBGS employee, but he regularly interacted with the DBGS employees as he sat in very close proximity with them.

27. DBGS employed Manager 1, Submitter 1, Trader 1, and Trader 2 who worked closely with other DB employees who traded USD LIBOR-based derivatives.

28. During the same time, DB had a MMD desk in New York that traded derivatives products tied to USD LIBOR. This group was not employed by DBGS but 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, who in turn reported to Senior Manager-1. 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.

29. 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.

30. 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.

31. 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.

32. 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 - complained to Submitter-1.

33. 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.

34. On March 22, 2005, Submitter-1, a DBGS employee, 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.

35. 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."

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

Manager-1: libors any requests?

Trader-1: HIGH FREES, LOW 1MUNF

Manager-1: what levels?

37. As another example, on February 24, 2006,  
Manager-1 and a 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."

38. Similarly, Trader-9, who was located in Frankfurt, also requested that DB's USD LIBOR submitters in London, who were DBGS employees, 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."

39. In an example of how a request involving two DBGS employees 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!

40. DB's USD LIBOR traders in New York also made requests of the bank's USD LIBOR submitters in London, Submitter-1, who was employed by DBGS, and were actively encouraged to do so by their supervisor, Manager-2, who was not employed by DBGS. For example, on November 28, 2005, Manager-2 and Manager-1, who was employed by DBGS, 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!"

41. Trader-4, who was in New York and not employed by DBGS, 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."

42. Trader-5, another MMD USD LIBOR trader in New York who was not employed by DBGS, 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."

43. 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."

B. EURIBOR

44. 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.

45. 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.

46. Trader-3, who was not a DBGS employee, became the global head of MMD in London in 2009, was a significant trader of EURIBOR-based derivative products at DB. Trader-10 was a junior MMD trader in London, and a DBGS employee, 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.

47. Instances of manipulation of DB's EURIBOR submissions within DB date back at least to 2005, and involve, among other things, DBGS traders requesting



beneficial submissions from DB pool traders, who were located in Frankfurt and not DBGS employees. DB Pool traders also regularly solicited requests for submissions from DBGS 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.

48. On many occasions, 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

49. In another 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...

### C. Yen LIBOR

50. 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.

51. From at least 2006 through 2010, numerous DBGS 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 to manipulate Yen benchmarks, 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 traders at another Contributor Panel bank.

Details and examples of this conduct are set forth below.

1) Manipulation within DB of its Yen LIBOR Submissions

52. During most of the relevant period, DB traders in DB's GFFX unit trading products linked to Yen LIBOR were primarily located in London. DBGS employed all of the Yen LIBOR derivatives and pool traders located 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.

53. Instances of manipulation of Yen LIBOR submissions within DB date back at least to 2006, and involve London-based DB pool and MMD traders submitting rates that would benefit their derivative trading positions as well as London-based 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.

54. 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 UBSUBS, 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 labor up."

55. 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."

2) Interbank Manipulation

56. As part of the scheme, from at least as early as August 2008, Trader-11, who was both a derivatives trader and Yen LIBOR submitter at DB, agreed with 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. 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.

57. 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...

58. As an example, on July 14, 2009, Trader-11 and Hayes discussed their efforts, 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]." 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.

59. 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."

*D. CHF LIBOR*

60. On many occasions from at least 2007 through at least 2010, DB CHF LIBOR derivatives traders employed by DBGS, located 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.

61. During most of this period, DB traders within DB's GFFX unit who were employed by DBGS and traded products linked to CHF LIBOR were located in London. 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 was not a DBGS employee. At the same time, Trader-9, another pool trader in Frankfurt who was also not a DBGS employee was also involved in submitting DB's CHF LIBOR rates. From at least August 2008 to March 2010, Trader-11, an MMD trader in London employed by DBGS traded derivative products tied to CHF LIBOR in London.

62. Evidence of manipulation of CHF LIBOR submissions by DBGS employees dates back to at least 2007 and involves MMD traders requesting from pool traders to submit 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.

63. The manipulation of 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 aynting  
special let me know rgds

[Submitter-9]

64. 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 tpdays..

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

65. 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. GBP LIBOR

66. From at least 2005 through 2010, London-based pool traders employed by DBGS 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, who were employed by DBGS.

67. During most of this period, responsibility for DB's GBP LIBOR submission rested primarily with pool traders Trader-18 and Submitter-10, both of whom were employed by DBGS. 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.

#### IV.

##### DBGS'S ACCOUNTABILITY

68. DBGS 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 DBGS. DBGS acknowledges that the participating employees intended, at least in part, to benefit DBGS through the actions described above. DBGS acknowledges that due to this misconduct, 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 Plea Agreement and under agreements reached with other government authorities, has suffered actual financial loss.