

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of)
RICHARD USHER,)
Former Head of EMEA FX Spot Trading)
JPMORGAN CHASE BANK, N.A.)
COLUMBUS, OHIO)
)

OCC AA-EC-2017-3

**NOTICE OF CHARGES FOR PROHIBITION AND
NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY**

Take notice that on a date to be determined by the Administrative Law Judge, a hearing will commence in the Southern District of Ohio, pursuant to 12 U.S.C. § 1818(e) and (i), concerning the charges set forth herein to determine whether Orders should be issued against Richard Usher (“Respondent”), the former Head of EMEA Foreign Exchange (“FX”) Spot Trading at JPMorgan Chase Bank, N.A., National Association, Columbus, Ohio (“Bank”), by the Office of the Comptroller of the Currency (“OCC”), prohibiting Respondent from participating in any manner in the conduct of the affairs of any federally insured depository institution or any other institution, credit union, agency or entity referred to in 12 U.S.C. § 1818(e), and requiring Respondent to pay a civil money penalty.

After taking into account the financial resources and any good faith of Respondent, the gravity of the violations, the history of previous violations, and such other matters as justice may require, as required by 12 U.S.C. § 1818(i)(2)(G), and after soliciting and giving full consideration to Respondent’s views, the Comptroller of the Currency (“Comptroller”) hereby assesses a civil money penalty in the amount of \$5 million dollars (\$5,000,000) against

Respondent, pursuant to the provisions of 12 U.S.C. § 1818(i). This penalty is payable to the Treasurer of the United States.

The hearing afforded Respondent shall be open to the public unless the Comptroller, in his discretion, determines that holding an open hearing would be contrary to the public interest.

In support of this Notice of Charges for Prohibition and Notice of Assessment of Civil Money Penalty (“Notice”), the OCC charges the following:

ARTICLE I

JURISDICTION

At all times relevant to the charges set forth below:

- (1) The Bank is an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2).
- (2) Respondent was the Head of EMEA FX Spot Trading at the Bank and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof. *See* 12 U.S.C. § 1813(i)(3).
- (3) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*
- (4) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this prohibition and civil money penalty action against Respondent pursuant to 12 U.S.C. § 1818(e) and (i).

ARTICLE II

BACKGROUND

FX Spot Market

(5) The foreign exchange market enables participants to buy, sell, exchange, hedge, and speculate on currencies. The spot foreign exchange market is the market where currencies are traded for one another in pairs for settlement generally within two days (“FX Spot Market”).

(6) The FX Spot Market is over-the-counter (“OTC”) and decentralized. The Bank for International Settlements estimates that the daily average volume turnover of the global FX Spot Market was over two trillion dollars every day in April 2013.

(7) As an OTC market, the FX Spot Market relies on large financial institutions to act as dealers willing to buy or sell currencies providing liquidity to the market (“interdealer market”).

(8) A financial institution in the interdealer market generally employs salespersons to communicate and enter into FX spot transactions directly with customers and traders to buy or sell currencies in the interdealer market or electronic trading platforms to ensure that the dealer has sufficient inventory to fill customer orders.

(9) At all times relevant to this Notice, it was common for traders in the FX Spot Market to communicate with one another and other individuals in the FX Spot Market, such as salespersons and customers, in electronic chat rooms.

(10) FX spot traders at financial institutions in the interdealer market may also engage in proprietary trading unrelated to customer orders by taking directional views of the market.

(11) At all times relevant to this Notice, the Bank was an active dealer in the FX Spot Market in the United States and elsewhere, buying and selling substantial quantities of euros and other currencies.

(12) A dealer in the FX Spot Market generally provides quotes to customers in the form of a bid-ask spread, which is the difference between the price at which the dealer is willing to buy the currency from the customer (the “bid”) and the price at which the dealer is willing to sell the currency to the customer (the “ask”). FX dealers generally earn profit on the bid-ask spread as opposed to charging trade commissions. Dealers generally provide price quotes to four decimal points.

(13) Customers transact with a bank in the interdealer market by either placing an order directly on the bank’s proprietary electronic trading platform or by contacting the bank’s salesperson who provides the customer with a quoted spread for the particular currency pair and at the particular volume that the customer requests. If the customer accepts the bank’s quoted bid or offer, then the salesperson communicates the order to the FX spot trader so that the trader can buy or sell in the interdealer market and complete the transaction. Between the time when the customer accepts the bank’s quoted bid or offer and when the trader buys or sells in the market, the bank bears the risk that the price of the currency will move in an unfavorable direction (referred to as an “open risk” or “at risk” position). A bank will profit on the customer’s order if the average rate at which the trader buys or sells in the market is better than the rate at which the bank has agreed to buy or sell to the customer.

FX Spot Benchmarks or “Fixes”

(14) Customers may enter into “fix orders” with a bank whereby a customer agrees to buy or sell a specified volume of a currency with the bank at the forthcoming “fix rate.” The fix rate is a benchmark rate calculated by a third party at specified times during the trading day and subsequently published.

(15) Two of the most commonly used fixes (or “benchmarks”) are published by World Markets/Reuters (“WM/R”) and the European Central Bank (“ECB”). During all times relevant to this Notice, for the most widely-traded currencies, the WM/R fix was calculated using a sampling of trading activity during a sixty-second window every half hour throughout the day. The most heavily traded and commonly used WM/R benchmark was the WM/R Closing Spot Rate that occurred at the end of the trading day in London at 4:00 p.m. London time (“WM/R fix”). The ECB published euro FX reference rates, the most common of which is calculated at 2:15 p.m. (CET) using a snapshot of the trading activity at that moment in time.

(16) The FX spot benchmarks are important in U.S. and global finance because they are used by numerous parties in the valuation of global portfolios and financial derivatives traded in the U.S. and elsewhere.

(17) A trader must then buy or sell in the interdealer market prior to or during the fix to fill the customer’s order. Here, the trader bears the risk that the price of the fix rate will be unfavorable compared to the average rate at which the trader could buy or sell in the market to fill the customer’s fix order. The trader may reduce this risk (to zero) by “matching off” with another trader in the market, or a third party broker, who have an opposing fix position for the same amount (*i.e.*, a trader with a \$50 million sell position at the fix agrees to transact with a trader with a \$50 million buy position at the fix). If the trader buys or sells in the market instead of matching off, the trader will profit on the customer’s fix order if the average rate at which he buys or sells the currency in the market is better than the fix rate at which he has agreed to buy or sell to the customer.

Respondent's Background

- (18) Respondent became employed at the Bank in July 2010 as an FX spot trader in London, England.
- (19) At all times relevant to this Notice, Respondent traded the euro, including the euro/U.S. dollar (“EUR/USD”) currency pair, which was the most heavily traded currency pair by volume during London trading hours. Respondent also traded various other currency pairs on any given day.
- (20) Beginning in or around 2011, Respondent was promoted to the Head of EMEA FX Spot Trading on the Bank’s London FX spot desk with supervisory responsibilities over the Bank’s FX spot trading desks in Europe.
- (21) In or around 2013, the Bank terminated Respondent for misconduct in connection with FX trading.

ARTICLE III

RESPONDENT VIOLATED THE SHERMAN ACT, RECKLESSLY ENGAGED IN UNSAFE OR UNSOUND PRACTICES, AND BREACHED HIS FIDUCIARY DUTIES BY AGREEING WITH TRADERS AT COMPETITOR BANKS TO SUPPRESS COMPETITION IN THE FX SPOT MARKET

- (22) This Article repeats and realleges all previous Articles in this Notice.
- (23) As described herein, Respondent’s conduct violated the Sherman Antitrust Act, was recklessly unsafe or unsound, and breached his fiduciary duties to the Bank.
- (24) Respondent violated Section 1 of the Sherman Antitrust Act (“Sherman Act”), and caused the Bank to violate Section 1 of the Sherman Act, by entering into and engaging in a combination and conspiracy with EUR/USD traders at competing financial institutions also acting as dealers (“co-conspirators”) to suppress or eliminate competition and increase, decrease, fix, maintain, or stabilize prices in the FX Spot Market.

(25) For the purpose of carrying out the combination and conspiracy charged in Paragraph (24), contrary to prudent banking practices and in breach of his fiduciary duty, Respondent and his co-conspirators: (i) agreed to coordinate trading in the EUR/USD currency pair in connection with the ECB and WM/R FX spot benchmarks; (2) agreed to withhold certain bids and offers when one trader in the combination and conspiracy had an open risk position; and (3) disclosed, discussed, and coordinated currency pair spreads to be quoted to customers.

(26) Contrary to prudent banking practices and in breach of his fiduciary duty, Respondent disclosed confidential, commercially sensitive information, such as information on customer orders and currency pair spreads, to the Bank's competitors in the Cartel chat room or elsewhere.

(27) Beginning as early as December 2007, Respondent participated in the combination and conspiracy charged in Paragraph (24) while employed by another financial institution prior to becoming employed at the Bank in July 2010.

The “Cartel” Chat Room

(28) Beginning as early as July 2010 and continuing until at least January 2013 (“Relevant Period”), Respondent engaged in near daily conversations with other FX spot traders at competing financial institutions, who also primarily traded EUR/USD, in a permanent electronic chat room that on certain occasions referred to itself, and was known in the market, as the “Cartel.” Respondent and his co-conspirators, Trader A and Trader B, formed the chat room in December 2007. By January 2008, approximately one month after the formation of the chat room, the traders began discussing using the chatroom as a means of increasing their profitability through information sharing as documented in a January 31, 2008 conversation.

During this conversation, which occurred fifteen minutes after the WM/R fix, Respondent said, “ive made so much money haha.” Respondent then said to Trader B, “[cheers] for saying u were the same way helped me go early,” presumably meaning that Respondent decided to trade early leading up to the fix based on the fact that Trader B had a similar buying or selling interest at the fix. Respondent also noted that his profitability for the month was the best that he could ever remember because of his participation in the Cartel chat room.¹

Respondent	16:14:22	ive made so much money haha
	16:14:30	Silly
Trader B	16:14:34	HAHAHHAHAAHAHAHA
Respondent	10:14:39	Chees [cheers] for saying u were same way helped me go early
Trader B	16:14:50	well its awesome i think we are both helping each other out
	...	
Respondent	16:47:51	well best day for as long as i can remember (ever!) best month ever and i owe it all to you so

(29) Throughout the Relevant Period, Respondent and the traders in the Cartel chat room used code words to share confidential, commercially sensitive Bank information and avoid detection by the Bank’s compliance department.

(30) Entry into the Cartel chat room was by invitation only as demonstrated by a December 20, 2011 conversation whereby Respondent and Trader A and Trader B discuss inviting a fourth trader into the Cartel chat room. As revealed in this conversation, the traders expected participants in the Cartel to share confidential information with each other and to keep the contents of the chat room confidential even from other traders within their own respective banks (“will he tell the rest of desk stuff...or god forbin his nyk [New York trading desk].”)

Trader A	7:49:55	are we ok with keeping this as is
	7:50:27	<i>ie the info lvl & risk sharing</i>

¹ Chat room communications quoted in this Notice contain slang, typos, and shorthand. These are explained in brackets when necessary to assist the reader with understanding the discussion therein. Where we have added emphasis to a passage, the relevant language appears in italics.

		. . .
Respondent	7:51:16	you know him
	7:51:21	will he tell rest of desk stuff
	7:51:26	or god forbin his nyk... [New York desk]
Trader B	7:51:46	yes
	7:51:51	that's really imp[ortant] q[uestion]
	7:52:01	<i>don't want other numpty's in the mkt to know</i>
	7:52:17	but not only that
	7:52:21	<i>is he gonna protect us</i>
	7:52:33	<i>like we protect each other against our own branches</i>
	7:52:46	ie if you guys are rhs .. and my nyk is lhs..ill say my nyk is lhs..ill say my nyk lhs in a few
Trader A	7:53:52	<i>what concerns me is that I know he'll never tell us when at risk</i>

Trader B’s statement about whether the fourth trader would protect the Cartel’s traders above those of his own bank’s branches (“is he gonna protect us … like we protect each other against our own branches”) is indicative of the traders’ conduct throughout the Relevant Period to place the interests of the Cartel above those of their own bank. Later in this conversation, Respondent and the other traders discuss whether admission of the fourth trader would “add huge value to this *cartell.*” Trader B’s statement that he did not want other individuals (“numpty’s”) in the market to know the information shared within the Cartel chat room demonstrates that the information he disclosed was commercially sensitive, and therefore, confidential.

(31) Subsequent to the conversation in Paragraph (30), the traders admitted the fourth trader, Trader C, into the Cartel chat room. After doing so, the Cartel chat room represented four of the top five banks in terms of FX spot trading market share in G10 currencies.

(32) Respondent and the traders in the Cartel chat room agreed to regularly disclose their customer fix orders in the chat room prior to the ECB and WM/R fixes so that they could ensure that they did not trade against each other leading up to and during the fix window and, on certain occasions, so that they could coordinate their trading to influence the fix rate.

(33) For example, this agreement is evident on April 28, 2010 when Trader B and Trader A accidentally trade against each other at the ECB fix. In this conversation, Trader B notifies the chat room that he needs to buy \$210 million euros for the upcoming fix related to a Bank customer order (“i lose 210 skandi citi bench related.”) After the fix passes and they realize that they traded against each other, Trader B scolds Trader A for not checking the chat room prior to the fix as was expected in the Cartel:

Trader B	12:04:43 ²	i lose 210 skandi citi bench related
	12:15:00	<i>[ECB fix occurs]</i>
Trader A	12:15:38	fk sorry , totally missed the above
	...	
Trader B	12:18:13	u should be checking [the chat] before ecb [fix]
	12:18:14	and wmr [fix]
	12:18:16	its standard
	12:18:24	and I put 10 mins in advance
	...	
Trader A	12:20:11	im sorry
	...	
		i didn't do it deliberately & said id cancel as soon as I got your name ³
	...	
Trader B	12:21:34	im not .. im just saying if I said it a minute before fine.. but 11 mins before.. and every day we check ecb and wmr..

(34) Trader A’s offer to cancel the executed trades with Trader B is indicative of the agreement among the traders in the Cartel chat room to reduce competition in the FX spot market by not trading against each other.

Agreements to Coordinate Trading in FX Spot Benchmarks

(35) For the purpose of carrying out the combination and conspiracy charged in Paragraph (24), contrary to prudent banking practices and in breach of his fiduciary duty,

² Time according to chat room transcript.

³ Trader A is offering to cancel the order after realizing that he traded against Respondent.

Respondent and the traders in the Cartel chat room agreed to suppress or eliminate competition in the FX Spot Market from which the WM/R and ECB FX benchmarks are calculated by disclosing confidential bank information regarding customer fix orders and on certain occasions coordinating trading strategies with traders in the Cartel chat room with the intent to increase, decrease, fix, maintain, or stabilize FX spot benchmark rates.

(36) For example, on February 21, 2012, Respondent and the traders in the Cartel coordinated their trading prior to the ECB fix. Trader B disclosed that he needed to buy \$200 million EUR/USD for the upcoming ECB fix. In response, Trader C indicated that he agreed with a trader at another bank to match off his sell-side fix position so that Trader B was “clear to mangle” the fix. Trader A stated that he needed to sell \$39 million for the fix and (instead of matching off with Trader B) offered to “shift” his position by trading with a third party outside of the fix. Trader B offered to match off with Trader A if he could not find a third party buyer, but Trader A later indicated that he was successful in doing so (“matched on the fix here rug [Trader B] . . you’re all clear.”) Nine minutes prior to the fix, Respondent informed Trader B that he needed to buy euros for the upcoming ECB fix (“I did a small bnookie rhs earlier”) and offered to give his position to Trader B or help him influence the fix rate (“u can have oir i can help”). Subsequently, Respondent indicated that Trader B could have the balance of his net customer fix orders so that Trader B could further build his position.

Trader B	12:51:35	hmm am rhs [right hand side] romf ecb ⁴
	12:51:44	so far same as you
	12:51:47	deuce [\$200 million]
		...
Trader C	12:56:52	gave mine to drys at rbs <i>so u shud be nice and clear to mangle</i>
	12:57:00	i sq[uare]

⁴ Right hand side means that Trader B needs to buy EUR/USD at the ECB fix.

Trader A	12:57:06	i get 39
Trader B	12:57:18	cool ill take em off you [Bank A]
Trader A	12:57:21	want me to shift it rug ?
Trader B	12:57:27	if u cant
	12:57:28	ill take em
		...
Trader A	13:01:41	matched on fix here rug . . you're all clear
		...
Respondent	13:06:22	I did a small bnookie rhs earlier
	13:06:26	u can have oir i can help
	13:06:28	upto u
Trader B	13:06:39	if u wanana keep it
	13:06:41	no worries mate
	13:06:44	ur choice
Respondent	13:07:25	ill let u have my balance when system locks in 3
		...
Trader C	<i>13:15:00</i>	<i>[ECB fix occurs]</i>
Trader A	13:15:03	Impressive
	13:15:15	Lovely

According to trading records, Trader B needed to buy approximately \$83 million for the ECB fix to fill customer fix orders. Instead, Trader B “built” a \$541 million buy position for the ECB fix through coordinating with the traders in the Cartel chat room and by trading with third party-brokers. Respondent aided Trader B in attempting to manipulate the fix rate by agreeing to buy \$49 million euros from Trader B at the fix, thereby increasing Trader B’s buy position. Trader B then bought aggressively in the fifteen seconds prior to the ECB fix buying \$374 million euros, accounting for a significant portion of the volume in EUR/USD during that time period. Trader C and Trader A congratulated Trader B on his success in achieving a favorable fix rate by stating “impressive” and “lovely.”

(37) The traders in the Cartel chat room disclosed the size and direction of their fix orders to facilitate the coordination of their trading strategies, and not for the purpose of matching off, as demonstrated by the fact that Trader A and Trader C had sell-side fix orders opposite of Trader B but matched off with third parties. Trader A and Trader C matched off

their risk with third parties instead of Trader B so that the fix would be “nice and clear to mangle.”

(38) Contrary to the Bank’s policies, Respondent helped the Bank’s competitors manipulate the ECB fix rate by giving Trader B his fix position so that Trader B could “build” a large fix position to maximize the profitability of Trader B’s trading book and to the detriment of the Bank’s customers who agreed to trade with the Bank at the fix price.

(39) Contrary to the Bank’s policies, Respondent disclosed the size and direction of customer fix orders for the purpose of informing the Bank’s competitors’ trading and coordinating his trading with the Bank’s competitors.

(40) Another such example of the conduct charged in Paragraph (35) for the purpose of carrying out the combination and conspiracy occurred on January 31, 2012 where Trader B agreed with Respondent to buy \$500 million of his EUR/USD position at the WM/R fix and to “double team” the fix rate. Respondent then reminded Trader B that they needed to save some of their position for the fix window (“don’t sell em all and take foot off.”)

Respondent	15:52:39	tell you what
	15:52:42	lets double team it
	15:52:45	how much u got
Trader B	15:52:46	ok
	15:52:47	300
	15:52:52	u?
Respondent	15:53:01	ok ill give you 500 more
Trader B	15:53:05	wow
	15:53:06	ok
		...
Respondent	15:53:20	so we have 800 each
	15:53:21	ok
	15:53:31	<i>but we gotta both do some at fix</i>
	15:53:36	<i>don’t sell em all and take foot off haha</i>
Trader B	15:53:36	i promise i will

According to the trading data, Trader B actually traded approximately \$1.3 billion up to and during the WM/R fix.⁵ Respondent and Trader B coordinated their trading to manipulate the WM/R fix rate in their favor.

(41) The conduct charged in Paragraph (35) occurred on certain occasions throughout the Relevant Period, including, but not limited to, the following dates:

- (a) April 13, 2012
- (b) February 21, 2012
- (c) January 31, 2012
- (d) January 6, 2012
- (e) September 30, 2011
- (f) March 22, 2011
- (g) February 11, 2011
- (h) November 30, 2010
- (i) October 13, 2010

Agreements to Withhold Bids and Offers in the FX Spot Market

(42) For the purpose of carrying out the combination and conspiracy charged in Paragraph (24), contrary to prudent banking practices and in breach of his fiduciary duty, Respondent and the traders in the Cartel chat room agreed to suppress or eliminate competition and increase, decrease, fix, stabilize, or maintain prices, and rig bids and offers, in the FX Spot Market, by withholding certain bids or offers when one trader had an open risk position so that the price of the currency would not move in a direction adverse to the trader at risk.

⁵ Trader B actually had an \$800 million net buy position at the fix and accumulated an additional \$500 million from Respondent giving him a total \$1.3 billion net buy position at the fix.

(43) Specifically, on certain occasions, Respondent and the traders in the Cartel chat room alerted each other when one trader had an open risk position so that the other traders would withhold bids or offers in the market to reduce the risk that the price moved in an unfavorable direction to the trader with the open risk position. After the trader with the open risk position completed his trade, he would then notify the chat room, usually by stating “clear,” “clr,” “done” or similar language, to signal he was finished trading so that the other traders knew that they could trade again without potentially causing harm to the trader with the open risk position.

(44) For example, on July 23, 2012, Respondent notified the chat room that he needed to buy \$100 million (“ton”) EUR/USD in the market to fill a customer order. Approximately thirty seconds later, Respondent notified the chat room when he finished trading and was no longer at risk by signaling clear (“clr”):

Respondent	13:47:41	lose ton
	13:47:43	still need
	13:48:11	clr

(45) The conduct charged in Paragraph (42) occurred on certain occasions, with various currency pairs, throughout the Relevant Period, including, but not limited to, the following dates:

- (a) July 23, 2012
- (a) June 28, 2012
- (b) June 22, 2012
- (c) April 13, 2012
- (d) February 21, 2012
- (e) February 17, 2012

- (f) June 30, 2011
- (g) May 20, 2011
- (h) February 2, 2011
- (i) August 25, 2010

Agreements to Disclose, Discuss, and Coordinate Currency Pair Spreads

(46) For the purpose of carrying out the combination and conspiracy charged in Paragraph (24), contrary to prudent banking practices and in breach of his fiduciary duty, Respondent and the traders in the Cartel chat room agreed to suppress or eliminate competition and increase, decrease, fix, stabilize, or maintain prices, and rig bids and offers, in the FX Spot Market by disclosing, discussing, and coordinating currency pair spreads quoted to customers.

(47) Disclosing spreads immediately after providing the quote to the customer enabled the other traders in the Cartel to coordinate or adjust their spreads quoted to that customer in the event that the customer was requesting quotes from multiple dealers represented in the Cartel chat room, which was a common practice by customers in the FX Spot Market.

(48) For example, on January 4, 2012, Respondent asked the chat room how wide to quote a customer in \$150 million of EUR/USD. Respondent stated that he showed a spread of six but that the customer was asking for a spread of five. After the Cartel concluded that a spread of six was “great,” Respondent thanked the other traders and declined to quote a spread of five to the customer. Two minutes later, Trader B and Trader C informed the chat room that the customer also requested quotes from them and that they also showed a spread of six.

(49) On certain other occasions, Respondent and the traders in the Cartel chat room discussed how to fill out currency pair spread matrices, which were documents prepared by traders and provided to customers that contained a dealer’s quoted spreads for a range of

volumes and currency pairs. Discussing currency pair spreads enabled the traders in the Cartel chat room to coordinate their spreads quoted to customers in the future.

(50) The conduct charged in Paragraph (46) occurred on certain occasions throughout the Relevant Period, including, but not limited to the following dates:

- (a) January 4, 2012
- (b) May 9, 2012
- (c) April 3, 2012
- (d) December 1, 2011
- (e) November 30, 2011
- (f) June 30, 2011
- (g) February 3, 2011
- (h) February 2, 2011
- (i) August 19, 2010

Respondent Caused Loss to the Bank

(51) On or about January 5, 2015, the Bank agreed to pay \$99.5 million to plaintiffs in civil litigation to resolve lawsuits brought by the Bank's FX spot customers alleging, among other things, that the Bank violated the Sherman Act based upon the conspiracy between Respondent and his co-conspirators in the Cartel chat room.

(52) The Bank also paid approximately \$1.2 billion in criminal and civil penalties related to Respondent's conduct described herein, including:

- (a) On or about May 20, 2105, the Bank's parent company pled guilty to a violation of the Sherman Act, 15 U.S.C. § 1, based largely on Respondent's

conduct within the Cartel chat room while employed at the Bank, and agreed to pay a \$550 million criminal penalty.

(b) On or about November 11, 2014, the Bank agreed to pay approximately \$352 million to the U.K. Financial Conduct Authority to resolve charges that the Bank failed to implement adequate internal controls, as well as the misconduct in the FX Spot Market by the Bank's traders, including Respondent, attempting to manipulate FX spot benchmarks.

(c) On or about November 11, 2014, the Bank agreed to pay \$310 million to the Commodity Futures Trading Commission to settle allegations that it violated the Commodity Exchange Act based largely on Respondent's conduct in the Cartel chat room.

ARTICLE IV

LEGAL BASES FOR REQUESTED RELIEF

(53) This Article repeats and realleges all previous Articles in this Notice.

(54) By reason of Respondent's misconduct as described in Article III, the Comptroller seeks a Prohibition Order against Respondent pursuant to 12 U.S.C. § 1818(e) on the following grounds:

(a) Respondent violated the Sherman Antitrust Act, 15 U.S.C § 1, engaged in unsafe or unsound practices in conducting the affairs of the Bank and/or breached his fiduciary duties to the Bank as head of EMEA FX spot trading;

(b) By reason of Respondent's misconduct, the Bank suffered financial loss or other damage and/or Respondent received financial gain or other benefit; and

- (c) Respondent's violations of law, unsafe or unsound practices and/or breaches of fiduciary duties involved personal dishonesty and/or demonstrated a willful or continuing disregard for the safety or soundness of the Bank.
- (55) By reason of Respondent's misconduct as described in Article III, the Comptroller seeks imposition of a civil money penalty against Respondent pursuant to 12 U.S.C. § 1818(i) on the following grounds:
- (a) Respondent violated the Sherman Antitrust Act, 15 U.S.C § 1, recklessly engaged in unsafe or unsound practices in conducting the affairs of the Bank and/or breached his fiduciary duties to the Bank; and
- (b) Respondent's violations, practices and/or breaches of his fiduciary duties were part of a pattern of misconduct, resulted in pecuniary gain or other benefit to Respondent, and/or caused more than minimal loss to the Bank.

ARTICLE V

ANSWER AND OPPORTUNITY FOR HEARING

(56) Respondent is directed to file a written Answer to this Notice within twenty (20) days from the date of service of this Notice in accordance with 12 C.F.R. § 19.19(a) and (b). The original and one copy of any Answer shall be filed with the Office of Financial Institution Adjudication, 3501 North Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500. Respondent is encouraged to file any Answer electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov. A copy of any Answer shall also be filed with the Hearing Clerk, Office of the Chief Counsel, Office of the Comptroller of the Currency, Washington, D.C. 20219, HearingClerk@occ.treas.gov, and with the attorney whose name appears on the accompanying certificate of service. **Failure to Answer within this time period shall constitute a waiver of the right to appear and contest the allegations**

contained in this Notice, and shall, upon the Comptroller's motion, cause the administrative law judge or the Comptroller to find the facts in this Notice to be as alleged, upon which an appropriate order may be issued.

(57) Respondent is also directed to file a written request for a hearing before the Comptroller, along with the written Answer, concerning the Civil Money Penalty assessment contained in this Notice within twenty (20) days after date of service of this Notice, in accordance with 12 U.S.C. § 1818(i) and 12 C.F.R. § 19.19(a) and (b). The original and one copy of any request shall be filed, along with the written Answer, with the Office of Financial Institution Adjudication, 3501 North Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500. Respondent is encouraged to file any request electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov. A copy of any request, along with the written Answer, shall also be served on the Hearing Clerk, Office of the Chief Counsel, Office of the Comptroller of the Currency, Washington, D.C. 20219, HearingClerk@occ.treas.gov, and with the attorney whose name appears on the accompanying certificate of service. **Failure to request a hearing within this time period shall cause this assessment to constitute a final and unappealable order for a civil money penalty against Respondent pursuant to 12 U.S.C. § 1818(i).**

PRAYER FOR RELIEF

The Comptroller prays for relief in the form of the issuance of an Order of Prohibition pursuant to 12 U.S.C. § 1818(e) and an Order of Civil Money Penalty Assessment in the amount of \$5 million dollars (\$5,000,000) against Respondent pursuant to 12 U.S.C. § 1818(i).

Witness, my hand on behalf of the Office of the Comptroller of the Currency, given at Washington, D.C. this 9th day of January, 2017.

/s/ Maryann Kennedy

Maryann Kennedy
Deputy Comptroller
Large Bank Supervision