

## Release Number 8185-20

### Deutsche Bank to Pay Over \$10 Million to Settle Two CFTC Cases

June 18, 2020

**Washington, D.C.** — The Commodity Futures Trading Commission today announced the settlement of two enforcement matters involving Deutsche Bank. In the first matter, **Deutsche Bank AG (Deutsche Bank)** resolved federal court charges stemming from alleged violations of various swap data reporting and other regulatory violations. In the second matter, the CFTC issued an administrative order against **Deutsche Bank Securities Inc. (DBSI)**, filing and settling charges that two of DBSI's traders engaged in spoofing. According to the order, DBSI manually placed bids or offers on the Chicago Mercantile Exchange (CME) with the intent to cancel those bids or offers before execution, an illegal practice known as spoofing.

#### Deutsche Bank

District Judge William H. Pauley III of the United States District Court for the Southern District of New York entered a consent order settling the CFTC's case against Deutsche Bank for numerous swap data reporting requirements, failures related to supervision of its business continuity and disaster recovery plan, and violations of a 2015 CFTC order. [See CFTC Press Release No. [7255-15](#)]

"This case reaffirms the importance of proper reporting among registered swap dealers," said CFTC Director of Enforcement James McDonald. "The Commission has been charged with monitoring and addressing systemic risks in our swaps markets. We can't fulfill these obligations if we don't have accurate reporting of the swaps dealing activity of our registrants."

The consent order imposes a \$9 million civil monetary penalty on Deutsche Bank. According to the consent order, the parties acknowledge that the penalty represents a substantial reduction based on Deutsche Bank's cooperation with CFTC staff, which included consenting to a court-appointed monitor upon the filing of the action.

The consent order also requires Deutsche Bank to comply with the prior CFTC order and prohibits Deutsche Bank from committing future violations of the sections of the Commodity Exchange Act and Commission regulations that Deutsche Bank was found to have violated.

The consent order stems from a complaint filed in August 2016, after an unprecedented swap reporting platform outage at Deutsche Bank that began on April 16, 2016. For the next five days, Deutsche Bank was unable to report any swap data for multiple asset classes. [See CFTC Press Release No. [7430-16](#)] According to the consent order, Deutsche Bank's efforts to end the system outage exacerbated existing reporting problems and led to the creation of new reporting problems, many of which violated the 2015 order.

Given the breadth of the failures regarding Deutsche Bank's swap data reporting, supervision, and disaster recovery plan, the CFTC requested, and Deutsche Bank consented to, the appointment of a monitor to facilitate its compliance with its swap data reporting obligations. The consent order finds that over more than two years of the litigation monitorship, the monitor made—and Deutsche Bank implemented—numerous recommendations to remediate issues with Deutsche Bank's swap data reporting, supervision, and disaster recovery plan.

The Division of Enforcement staff members responsible for this action are Amanda Burks, Philip Tumminio, Kara Mucha, James H. Holl, III, Erica Bodin, and Rick Glaser. Thomas Guerin of the Division of Market Oversight as well as Robert Stowsky and Kate Mitchel of the Office of Data and Technology also assisted with this matter.

### **Deutsche Bank Securities Inc.**

The CFTC also issued an administrative order filing and settling charges against DBSI for engaging in numerous instances of spoofing in the Treasury futures and Eurodollar futures contracts on the CME. The order finds that the defendant engaged in this activity through two traders and requires DBSI, among other things, to pay a civil monetary penalty of \$1,250,000.

“The CFTC is committed to ensuring the integrity of the marketplace,” added McDonald. “This enforcement action is yet another example of the CFTC’s commitment to aggressively prosecute conduct that undermines that integrity.”

The order finds that from at least January 2013 through at least December 2013, DBSI, by and through the acts of two Tokyo-based traders, engaged in spoofing. The order further states that on multiple occasions during this period, one of the DBSI traders spoofed in the Treasury futures market while the other spoofed in both the Treasury and Eurodollar futures markets. The order also recognizes Deutsche Bank’s cooperation in the investigation in the form of a reduced civil monetary penalty.

The Division of Enforcement staff members responsible for this action are Philip Tumminio, Amanda Burks, Elizabeth May, Kara Mucha, Michelle Bougas, Jordon Grimm, Daniel C. Jordan, Erica Bodin, and Rick Glaser.

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