U.S. COMMODITY FUTURES TRADING COMMISSION
ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

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CFTC Charges Deutsche Bank AG with Multiple Swap Reporting Violations, Related Supervision Failures, and Violation of a Prior CFTC Order

CFTC and Deutsche Bank file joint motion seeking the appointment of a Monitor to ensure Deutsche Bank AG's compliance with its reporting responsibilities under the Commodity Exchange Act and CFTC Regulations

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) filed a civil Complaint in the U.S. District Court for the Southern District of New York today, charging **Deutsche Bank AG** (Deutsche Bank), a global banking and financial services company and provisionally registered Swap Dealer, with failing to report any swap data for multiple asset classes for five days; submitting incomplete and untimely swap data; failing to supervise its employees responsible for swap data reporting; having an inadequate Business Continuity and Disaster Recovery Plan; and violating a prior CFTC Order.

As alleged in the CFTC's Complaint, on April 16, 2016, Deutsche Bank's swap data reporting system experienced a Systems Outage that prevented Deutsche Bank from reporting any swap data for multiple asset classes for approximately five days. Deutsche Bank's subsequent efforts to end the System Outage repeatedly exacerbated existing reporting problems and often led to the discovery or creation of new reporting problems, many of which violate a CFTC Order entered in September 2015 (see CFTC Press Release and Order **7255-15**, September 30, 2015).

For example, the Complaint alleges that Deutsche Bank's swap data reported before and after the System Outage revealed persistent problems with the integrity of certain data fields, including numerous invalid legal entity identifiers (LEIs). The Complaint further alleges that a number of these reporting problems persist today, affecting market data that is made available to the public, as well as data that is used by the CFTC to evaluate systemic risk throughout the swaps markets. The Complaint also alleges that the System Outage and the subsequent reporting problems transpired at least in part because Deutsche Bank failed to have an adequate Business Continuity and Disaster Recovery Plan and other appropriate supervisory systems in place.

In addition, the CFTC and Deutsche Bank filed a joint motion seeking the appointment of a monitor to ensure Deutsche Bank's compliance with its reporting responsibilities under the Commodity Exchange Act and CFTC Regulations. Specifically, the monitor will assess and make recommendations regarding Deutsche Bank's swap data reporting activities, including, but not limited to, its policies, procedures, infrastructure, and systems. In addition, the CFTC seeks the imposition of a civil monetary penalty and a permanent injunction.

CFTC Director of Enforcement Aitan Goelman commented: "Deutsche Bank's repeated violations warrant the intervention of a Court-appointed monitor. Deutsche Bank has shown over the last year its inability to comply with its swap reporting responsibilities under the Commodity Exchange Act and CFTC Regulations. The CFTC treats these failures seriously and will take appropriate steps to ensure compliance."

Provisionally registered Swap Dealers are required to comply with certain disclosure, recordkeeping, and reporting requirements related to its swap transactions. Specifically, Parts 43 and 45 of the Regulations require reporting parties to timely and accurately report to a registered swap data repository, among other things, the following: (1) swap transaction and pricing data that is reported in real-time and made available to the public; (2) required

swap creation data; and (3) required swap continuation data. One required data field in both creation and continuation data is the LEI field. Reporting parties are also required to correct any errors in swap data that were previously reported to ensure that the information disseminated to the market and the Commission remains current and accurate. Additionally, Part 23 of the Regulations contains certain supervision directives for swap dealers, including the requirement to have a Business Continuity and Disaster Recovery Plan to be implemented in the event of a disruption of the swap dealer's normal business activities.

The reporting requirements are designed to enhance transparency, promote standardization, and reduce systemic risk. Accurate swap data is essential to effective fulfillment of the regulatory functions of the CFTC, including meaningful surveillance and enforcement programs. Moreover, real-time public dissemination of swap transaction and pricing data supports the fairness and efficiency of markets and increases transparency, which in turn improves price discovery and decreases risk.

The CFTC recognizes Deutsche Bank's cooperation.

The CFTC's Data and Reporting Branch in the Division of Market Oversight (DMO) is responsible for the supervision of swap data collection and reporting obligations of registered entities.

The CFTC Division of Enforcement staff members responsible for this matter are Amanda L. Burks, Jason Fairbanks, Kara Mucha, Erica Bodin, James H. Holl, III, and Rick Glaser, with assistance from DMO staff Andrew Ridenour, Richard Mo, and Daniel Bucsa.

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