

Loss Event

JPMorgan Chase &amp; Co.

BL0202 - Global Markets

EL0402 - Improper Business or Market Practices

USD 10,989,000.00 | US Dollar

Banking

US - United States

North America

## JPMorgan pays USD 11 million to settle SIBOR manipulation allegations

On 15 November 2018, JPMorgan agreed to pay USD 11 million (EUR 9.7 million) to settle class action allegations that it conspired to manipulate the Singapore Interbank Offered Rate (SIBOR) and Swap Offer Rate (SOR). This is part of a joint settlement of USD 21 million split between JPMorgan, which will pay USD 11 million, and Citibank, which will pay USD 10 million.

The SIBOR benchmark rate represents the interest rate of interbank unsecured lending in the Singapore money market. According to court documents, the rates are calculated on a daily basis by the Association of Banks in Singapore (ABS) who submit to a panel the interest rate at which the member banks could borrow USD and SGD in the interbank market. SOR is another benchmark rate for the cost of borrowing SGD, which is calculated based on the volume-weighted average price of the relevant swap transactions.

The class action complaint, initially filed on 5 July 2016 by two hedge funds, alleged that between 1 January 2007 and 31 December 2011, the members of the class had transacted in SIBOR and SOR-based derivatives at artificial prices that had been caused by the manipulative conduct of numerous institutions. According to the complaint, the institutions submitted artificially high or low SIBOR or SOR rates to benefit the positions of their traders, and conspired with other panel members to achieve "collective financial benefit".

The complaint named 46 defendants. However, on 4 October 2018, a New York federal judge removed 27 of the 46 defendants who were not SIBOR panel members, and upheld the antitrust claims against the 19 firms which were panel members, including JPMorgan and Citibank. Other accused banks include Bank of America, UBS and Deutsche Bank.

The claims that were granted by the judge relate to allegations of antitrust by the panel members. The lawsuit cited evidence such as that the Monetary Authority of Singapore (MAS) found that attempts had been made by traders to inappropriately influence benchmark submissions between 2007 and 2011, and panel banks had failed to institute robust controls and processes for rate submissions. Furthermore, in settlements between the Commodity Futures Trading Commission (CFTC) and financial institutions in relation to manipulation of LIBOR, the CFTC often alleged similar conduct had occurred with SIBOR and SOR.

The class includes the "hundreds, if not thousands" of persons and entities who transacted or had any interest in SIBOR or SOR-based derivatives between 2007 and 2011, and who are protected by US law.

Citibank and JPMorgan do not admit any wrongdoing or liability on their part. They have agreed to the settlement of USD 20,979,000, of which JPMorgan will contribute USD 10,989,000 and Citibank will contribute USD 9,990,000. Furthermore, upon approval, JPMorgan and Citibank would also provide certain co-operation materials to the class to assist in its prosecution of the remaining non-settling defendants.

**Author** Isha Pearce**Published Date** 16 November 2018**Last Update** 20 November 2018

**Source(s)****Related links**

<https://dlbjbjzgnk95t.cloudfront.net/1102000/1102677/frontpoint.pdf>  
 ,  
<https://www.courtlistener.com/recap/gov.uscourts.nysd.459886/gov.uscourts.nysd...>  
 ,  
<https://dlbjbjzgnk95t.cloudfront.net/1089000/1089684/https-ecf-nysd-uscourts-go...>  
 ,  
<https://dlbjbjzgnk95t.cloudfront.net/1102000/1102677/https-ecf-nysd-uscourts-go...>

**Event**

<b>Published In Media</b>	<b>Date of Occurrence - From</b>	<b>Date of Occurrence - To</b>	<b>Discovery Date</b>	<b>Date of Recognition/Settlement</b>
15 November 2018	01 January 2007	31 December 2011		15 November 2018
<b>Loss Amount USD</b> 10,989,000.00	<b>Loss Amount EURO</b> 9,705,155.13	<b>Provision</b> No		<b>Boundary Risk</b> Other Risk
<b>Industry Event</b>	<b>Scenario</b> SC0005 - Improper Business Practice	<b>Product</b> PD0304 - Foreign Exchange & Money Markets		<b>Process</b> PC1502 - Non-Financial Regulatory Reporting
<b>Event Closed</b> No	<b>ORX Member</b> Yes	<b>Role of Firm</b> LS0307 - Position Taking (Principal)		
<b>Cause 1</b> CS0204 - Management / Control of Staff	<b>Cause 2</b> CS0206 - Unauthorised Activity	<b>Cause 3</b> CS0403 - Inadequate Policy / Procedure		
<b>Jurisdiction / Choice of Law</b> LS0101 - United States of America	<b>Counterparty</b> LS0202 - Class Action	<b>Environmental Volatility</b> LS0406 - Not Identifiable		