



competition commission
south africa

Media Statement
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Competition Commission prosecutes banks (currency traders) for collusion

The Competition Commission has today referred a collusion case to the Tribunal for prosecution against Bank of America Merrill Lynch International Limited, BNP Paribas, JP Morgan Chase & Co, JP Morgan Chase Bank N.A, Investec Ltd, Standard New York Securities Inc., HSBC Bank Plc, Standard Chartered Bank, Credit Suisse Group; Standard Bank of South Africa Ltd, Commerzbank AG; Australia and New Zealand Banking Group Limited, Nomura International Plc., Macquarie Bank Limited, ABSA Bank Limited (ABSA), Barclays Capital Inc, Barclays Bank plc (Respondents).

The Commission has been investigating a case of price fixing and market allocation in the trading of foreign currency pairs involving the Rand since April 2015. It has now referred the case to the Tribunal for prosecution.

The Commission found that from at least 2007, the respondents had a general agreement to collude on prices for bids, offers and bid-offer spreads for the spot trades in relation to currency trading involving US Dollar / Rand currency pair. Further, the Commission found that the respondents manipulated the price of bids and offers through agreements to refrain from trading and creating fictitious bids and offers at particular times.

Traders of the respondents primarily used trading platforms such as the Reuters currency trading platform to carry out their collusive activities. They also used Bloomberg instant messaging system (chatroom), telephone conversation and had meetings to coordinate their bilateral and multilateral collusive trading activities. They assisted each other to reach the desired prices by coordinating trading times. They reached agreements to refrain from trading, taking turns in transacting and by either pulling or holding trading activities on the Reuters currency trading platform. They also created fictitious bids and offers, distorting demand and supply in order to achieve their profit motives.

The Commission is seeking an order from the Tribunal declaring that the respondents have contravene the Competition Act. Further, the Commission is seeking an order declaring that the Bank of America Merrill Lynch International Limited, BNP Paribas, JP Morgan Chase & Co, JP Morgan Chase Bank N.A, Investec Ltd, Standard New York Securities Inc., HSBC Bank Plc, Standard Chartered Bank, Credit Suisse Group; Standard Bank of South Africa Ltd, Commerzbank AG; Australia and New Zealand Banking Group Limited, Nomura International Plc., Macquarie Bank Limited are liable for the payment of an administrative penalty equal to 10% of their annual turnover.

“The referral of this matter to the Tribunal marks a key milestone in this case as it now affords the banks an opportunity to answer for themselves,” said the Commissioner, Tembinkosi Bonakele.

Ends.

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