



competition commission
south africa

Media Statement

For Immediate Release

15 November 2023

**MULTINATIONAL STANDARD CHARTERED BANK ADMITS LIABILITY TO CURRENCY
MANIPULATION CASE, AGREES TO PAY R42M FINE**

The Competition Commission (Commission) has reached a settlement agreement with UK-based multinational bank, Standard Chartered Bank (“SCB”). In terms of the settlement agreement, SCB admits liability to the manipulation of USD/ZAR currency pair, and agreed to pay an administrative penalty of R42,715,880 (forty-two million, seven hundred and fifteen thousand, eight hundred and eighty Rand).

SCB participated in the manipulation of USD/ZAR currency pair by fixing bids; offers; bid-offer spreads; the spot exchange rate; and the exchange rate at the FIX. Further, SCB participated in dividing markets by allocating customers in terms of which one trader withholds or pulls his/her existing bid or offer from the market to allow the other trader to execute and complete his/her trade. This conduct contravenes section 4(1)(b) (i) & (ii) of the Competition Act, 89 of 1998, as amended.

The settlement comes at a time when respondent banks are currently appearing before the Competition Appeal Court (“CAC”) seeking an order to set aside a Competition Tribunal (“Tribunal”) order of 30 March 2023 which ordered respondent banks to file their answers to the complaint referral. The hearing for the appeals and reviews before the CAC is set down from 13 to 16 November 2023.

SCB is one of the 28 banks that are prosecuted by the Commission for manipulating the USD/ZAR currency pair. This settlement ends an eight-year-long litigation between the Commission and SCB over the currency manipulation allegations. Citibank N.A already settled the same conduct with the Commission in 2017.

The SCB settlement agreement has been filed with the Tribunal for confirmation, which is set down for hearing today, 15 November 2023.

“The Commission welcomes SCB’s decision to reach a settlement on this matter and encourages other respondent banks to consider settling the complaint against them. Further, this settlement affirms the Commission’s pursuit of allegations related to the manipulation of the USD/ZAR currency pair, given the

ultimate impact of the currency manipulation on the value of the South African Rand," said Competition Commissioner Doris Tshepe.

[ENDS]

Issued by:

Siyabulela Makunga, Spokesperson

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 067 421 9883

Email: SiyabulelaM@compcom.co.za

Find us on the following social media platforms:

Twitter: @CompComSA

Instagram: Competition Commission SA

Facebook, LinkedIn and YouTube: The Competition Commission South Africa

BACKGROUND

The Commission launched a complaint on 1 April 2015, against various financial entities, including Barclays Bank Plc, Barclays Africa Group Ltd, BNP Paribas, BNP Paribas South Africa, Citigroup Inc, Citigroup Global Markets (Pty) Ltd, JP Morgan Chase & Co, JP Morgan South Africa, Investec Ltd, Standard New York Securities Inc, and Standard Chartered Bank, collectively referred to as 'the Respondents'.

The complaint centered on allegations that the Respondents engaged in an agreement or concerted practice to manipulate prices related to certain foreign currency pairs tied to the ZAR. This was in violation of Section 4(1)(b)(i) of the Act.

On 1 August 2016, the Commission amended the complaint adding ABSA Bank Limited, Barclays Capital Inc, Credit Suisse Group, Commerzbank AG, Bank of America Merrill Lynch International Limited, HSBC Bank Plc, ANZ, Citibank N.A, JP Morgan, Nomura International Plc, Macquarie Group, and JP Morgan Chase Bank N.A as additional Respondents. The amendment included allegations of market allocation through customer allocation against the Respondents.

The amended complaint alleged that the Respondents conspired to assist each other by allowing a trader with a significant open risk position to complete trades before others and by manipulating liquidity, contrary to typical market trading practices. This was in violation of Section 4(1)(b)(ii) of the Act.

On 15 February 2017, the Commission referred the matter against all the Respondents to the Tribunal for adjudication.

The investigation uncovered evidence of the following:

- Between 2007 and 2013, SCB and its counterparts were involved in a scheme to fix prices of ZAR currency pairs through various communication channels, including instant messaging platforms.
- SCB and its competitors collaborated to allow a trader with a substantial open risk position to complete trades ahead of others and manipulated liquidity, deviating from typical market trading practices.
- These actions constitute price fixing and market allocation, contravening Section 4(1)(b)(i) and (ii) of the Act.

The agreement settles the case against SCB. The adjudication process with the remaining respondents is ongoing.