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26 April, 2017

**Competition Tribunal confirms Citibank N.A’s R69 500 980 settlement agreement**

The Competition Tribunal has confirmed Citibank N.A’s settlement agreement of R69 500 860.00 (Sixty Nine Million Five Hundred Thousand Eight Hundred and Sixty Rands) for its role in the forex cartel.

The fine does not exceed 10% of Citibank’s annual turnover in South Africa.

A decision regarding the settlement agreement was postponed after a hearing on 22 March, 2017 as the Tribunal had asked for additional information from the Competition Commission regarding the percentage of Citibank’s turnover on which the fine is based.

Citibank admits that between September 2007 and October 2013, Citibank N.A. and its competitors manipulated the price of bids and offers through agreements to refrain from trading and creating fictitious bids and offers at particular times, assisted each other by allowing a trader with a large open risk position to complete his trades first before trading and through holding and/or pulling their trades to reserve liquidity for each other instead of trading normally in the market. Citibank additionally admitted to fixing bids, offers and bid-offer spreads in relation to spot trades on ZAR currency pairs through co-ordination/alignment of the bids, offers, and bid-offer spreads quoted to customers.

In terms of the settlement agreement Citibank N.A. will appear as a witness at their competitor’s hearings and, according to the Commission, Citibank has already begun supplying information that is helpful to the Commission’s investigation. Citibank N.A additionally undertakes to not engage in any future conduct in contravention of the Competition Act 89 of 1999 and continue its existent implementation programmes.

Citibank is the first of the banks reach a settlement agreement with the Commission in the complaint the Competition Commission v Bank of America Merrill Lynch and Seventeen Others lodged with the Tribunal.

**Background**

On 1 April, 2015 the Commissioner initiated a complaint against Barclays Bank Plc; Barclays Africa Group Ltd; BNP Paribas South Africa; Citigroup Inc; Citigroup Global Markets (Pty) Ltd; JP Morgan Chase and Co; and JP Morgan South Africa; Investec Ltd; Standard New York Securities Inc and Standard Chartered Bank for collusive conduct with regards to trading in foreign currency exchange involving the South African Rand.

The allegations against the respondents are that they entered into an agreement and/or exchanged in concerted practice to directly or indirectly fix prices in relation to bids, offers and bid-offer spreads in respect of spot trades, forward trades and futures trades though coordination/alignment of the bids, offers and bid-offers spreads that they quote to customers who buy and sell certain foreign currency pairs involving the Rand.

On 23 August, 2016 the Commissioner amended the complaint to include ABSA Bank Ltd; Barclays Capital Inc; Credit Suisse Group; Commerzbank AG; Bank of America Merrill Lynch International Ltd; HSBC Bank Plc, ANZ; Citibank N.A; JP Morgan; Nomura International Plc; Macquarie Group; and JP Morgan Chase Bank N.A as additional respondents and to include the conduct of dividing markets by allocating customers to the respondents.

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