Foreign Exchange (FX)

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Related Practice Areas: **Competition Litigation**

In late 2013 and early 2014, it was announced that multiple government regulators in Europe, including the United Kingdom's Financial Conduct Authority ("UK-FCA"), the European Commission ("EC"), and the Swiss Competition Commission ("WEKO"), had launched investigations into investment banks' manipulation of FX rates.

The Cartel

The Foreign Exchange ("FX") market is the largest financial market in the world, with a daily average turnover of $5.3 trillion, 41% of which is transacted in London.

Regulators in the United States, the United Kingdom, Germany, Switzerland, Hong Kong, South Korea, Singapore, Australia, New Zealand, South Africa, and Brazil, among others, have launched investigations into banks suspected of manipulating the FX market, and in particular, the spread, the WM/Reuters Closing Spot Rates, and the ECB fix.

These investigations uncovered evidence suggesting that, since at least as early as December 2007 and as late as October 2013, several banks have inappropriately shared market-sensitive information with one another and collusively manipulated prices of FX transactions.

It has recently come to light that bid/ask spreads (and consequently the price of FX transactions) between 2007 and 2013 were allegedly manipulated as part of the collusion. Specifically, traders at more than 30 banks are alleged to have colluded to artificially widen bid/ask spreads for dozens of currency pairs, including the seven pairs with the highest market volume. As a result of this spread collusion, customers received less when selling currency and paid more when buying it than they would have in a competitive market.

Regulators in Europe and around the world – including the UK Financial Conduct Authority, the US Department of Justice and the Swiss Financial Market Supervision Authority – have already imposed fines on seven banks totalling more than $10.3 billion for collusively manipulating the FX market. Investigations by the European Commission and other government regulators remain ongoing.

Hausfeld is committed to obtain redress globally for investors who suffered loss as the result of this manipulation. Businesses were consistently denied competitive exchange rates because of the banks' collusive practices, and traders were able to generate additional profit at their clients' expense using these techniques. Thus, any investor that engaged in FX transactions directly or indirectly with one or more of the colluding banks between 2007 and 2013 may have a claim for damages.

In the US, Hausfeld is co-lead counsel in a consolidated FX class action. Fifteen banks in this civil action have already settled their claim, leading to the recovery of over $2.3 billion on behalf of damaged investors. Litigation against Credit Suisse remains ongoing. For more information on the US action, click here.

Because the FX settlements only resolve claims on behalf of US domiciliaries or transactions occurring within the United States, Hausfeld will also bring an action in London. Working alongside expert economists, Hausfeld has determined that investors who traded significant volumes of currency in FX between 2007 and 2013, such as institutional investors and multinational companies, may have suffered significant damages. A number of organisations have already instructed Hausfeld to act on their behalf in the upcoming London action. Investors seeking to join this group and obtain redress are encouraged to contact us to further discuss whether they are likely to have a viable FX claim.