



EUROPEAN COMMISSION

PRESS RELEASE

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Antitrust: Commission settles cartel on bid-ask spreads charged on Swiss Franc interest rate derivatives; fines four major banks € 32.3 million

(See also [Statement](#) by Commission Vice-President Joaquín Almunia.)

The European Commission has found that four international banks, RBS, UBS, JP Morgan and Crédit Suisse, operated a cartel on bid-ask spreads of Swiss franc interest rate derivatives in the European Economic Area (EEA). The Commission imposed fines worth a total of € 32 355 000. RBS received immunity from fines for revealing the existence of the cartel to the Commission. UBS and JPMorgan received reductions of their respective fines for cooperating with the investigation under the Commission's 2006 Leniency Notice. All four banks received a 10% reduction for agreeing to settle the case with the Commission.

Commission Vice-President in charge of competition policy, Joaquín Almunia, said: "*Unlike in previous cartels we found in the financial sector, this one did not involve any collusion on a benchmark. Rather, the four banks agreed on an element of the price of certain financial derivatives. This way, the banks involved could flout the market at their competitors' expense. Cartels in the financial sector, whatever form they take, will not be tolerated.*"

Interest rate derivatives are financial products that are used by banks or companies for managing the risk of interest rate fluctuations. The so-called "bid-ask spread" is the difference between the price at which a market maker is willing to sell and to buy a given product.

The Commission's investigation disclosed that between May and September 2007, RBS, UBS, JP Morgan and Crédit Suisse agreed to quote to all third parties wider, fixed bid-ask spreads on certain categories of short term over-the-counter Swiss franc interest rate derivatives, whilst maintaining narrower spreads for trades amongst themselves. The aim of the agreement was to lower the parties' own transaction costs and maintain liquidity between them whilst seeking to impose wider spreads on third parties. Another objective of the collusion was to prevent other market players from competing on the same terms as these four major players in the Swiss franc derivatives market.

The fines

The fines were set on the basis of the [Commission's 2006 Guidelines on fines](#) (see [IP/06/857](#) and [MEMO/06/256](#)).

In setting the level of fines, the Commission took into account the banks' sales of the products concerned in the EEA, the very serious nature of the infringement, its geographic scope and the duration.

RBS was not fined as it benefited from immunity under the Commission's [2006 Leniency Notice](#) for revealing the existence of the cartel to the Commission and thereby avoided a fine of around € 5 million for its participation in the infringement. UBS and JP Morgan received a reduction of their fines for their cooperation in the investigation under the Commission's leniency programme. All four banks have chosen to turn the page and agreed to settle the case with the Commission, leading to a further reduction in their fines of 10%.

Name of undertaking	Reduction under the Leniency Notice (%)	Fine (€)
RBS	100%	0
UBS	30%	12 650 000
JP Morgan	25%	10 534 000
Credit Suisse	0%	9 171 000
TOTAL		32 355 000

Background on the products concerned

Interest rate derivatives are financial products that are used by banks or companies for managing the risk of interest rate fluctuations. These products are traded worldwide and play a key role in the global economy. This case concerns certain interest rate derivatives in the Swiss Franc currency.

The "bid-ask spread" refers to the difference between the bid price and the ask quoted by a market maker (respectively the price at which the market maker is willing to buy and the price at which it is willing to sell a particular contract). Market makers hold themselves out as able and willing to buy or to sell financial products. At the time of the infringement, the four participants were market makers in short term over-the-counter Swiss franc interest rate derivatives.

The settlement procedure

Today's second decision in the Swiss franc interest rate derivatives sector marks the 16th settlement decision since the introduction of the settlement procedure for cartels in June 2008 (see [IP/08/1056](#) and [MEMO/08/458](#)). Under a settlement, companies acknowledge their participation in a cartel infringement and their liability for it. Settlements are based on the Antitrust Regulation 1/2003 and allow the Commission to apply a simplified procedure and thereby reduce the length of the investigation. This is good for consumers and for taxpayers as it reduces costs; good for antitrust enforcement as it frees up resources to tackle other suspected cases; and good for the companies themselves that benefit from quicker decisions and a 10% reduction in fines.

The Commission previously reached settlements with participants in cartels for DRAMs (see [IP/10/586](#)), animal feed phosphates (see [IP/10/985](#)), washing powder (see [IP/11/473](#)), glass for cathode ray tubes (see [IP/11/1214](#)), compressors for fridges (see [IP/11/1511](#)), water management products (see [IP/12/704](#)), wire harnesses (see [IP/13/673](#)), Euro interest rate derivatives and Yen interest rate derivatives (see [IP/13/1208](#)), Polyurethane Foam (see [IP/14/88](#)), Power Exchanges (see [IP/14/215](#)), Bearings (see [IP/14/280](#)), Steel Abrasives (see [IP/14/359](#)) and Mushrooms (see [IP/14/727](#)).

Action for damages

Any person or firm affected by anti-competitive behaviour as described in this case may bring the matter before the courts of the Member States and seek damages. The case law of the Court and Council Regulation 1/2003 both confirm that in cases before national courts, a Commission decision is binding proof that the behaviour took place and was illegal. Even though the Commission has fined the companies concerned, damages may be awarded without these being reduced on account of the Commission fine.

In June 2014, the European Parliament approved a proposal for a Directive that aims to make it easier for victims of anti-competitive practices to obtain damages for such infringements (see [IP/14/455](#) and [MEMO/14/310](#)). The Directive is based on a proposal by the Commission of June 2013 (see [IP/13/525](#) and [MEMO/13/531](#)). The proposal is now with the EU Council of Ministers for final approval. The text of the proposal and more information on antitrust damages actions is available at: <http://ec.europa.eu/competition/antitrust/actionsdamages/documents.html>.

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